

BUSINESS WEEK

AUG. 9, 1947

WEEK
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William J. Meinel: Out of the war he brought new processes for peace (page 8)

NESS

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U. S. DEPT. OF AGRICULTURE
OFFICE OF THE DIRECTOR
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A development of
B.F. Goodrich
FIRST IN RUBBER



The peanut-picker tire that solved an airport problem

A typical example of B. F. Goodrich development in rubber

CLIPPER ships and other planes flying inter-ocean routes must be serviced on the spot before take-offs. To speed this operation at LaGuardia Field a special portable unit was built. It is equipped with four huge floodlights, two electric generators for starting airplane engines, an air compressor, power tools, and other equipment.

Engineers searched for tires to carry this heavy service unit. Special requirements included extra-heavy load carrying ability, a tread that wouldn't "weave" in trailer operation, cushioning to protect delicate instruments and maximum puncture resistance. Passenger

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But when they talked to B. F. Goodrich the answer was found in a hurry. For B. F. Goodrich had developed hundreds of special tires for special purposes—and one of these proved ideal. It's a farm implement tire! Ordinarily it's used on potato diggers, hay balers, peanut-pickers, and similar equipment. It's made for heavy loads. The wide-grooved tread prevents swaying. The thick tread and 6-ply construction resist punctures and chafing. It's a low-pressure tire which cushions the load.

Here's a typical example of how a tire user solved a difficult tire problem by coming to B. F. Goodrich. For B. F. Goodrich is constantly developing new tires, improving old ones (witness the nylon shock-shield now used in all large B. F. Goodrich truck tires).

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BUSINESS WEEK • Aug. 9, 1947

WASHINGTON OUTLOOK



UNIONS WON'T BOYCOTT the National Labor Relations Board for long—not if they want to hold their organizations together.

Here's why:

NLRB is going to follow the Taft-Hartley law to the letter, interpret it strictly.

It believes Congress wants: (1) All unions to register, (2) all union officials to certify their opposition to Communism.

So NLRB will be tough on unions that don't satisfy these requirements. Nonregistered unions will lose status with NLRB, suffer raiding by rival, registered unions. Possible exceptions: such outfits as John L. Lewis' close-knit U.M.W.

The International Assn. of Machinists already sees this opening as a boost toward its goal of a million members by next May. The union will comply with the law, use it to carve machinists out of plant-wide C.I.O. units.

•

NLRB's new rules of procedure—required by changes in the act—will be out before Aug. 22.

The rules will underline the benefits to unions that cooperate. But they won't answer all your questions about the new law.

Many policy matters will have to wait on specific cases; thus, it will be months before the final answer is in—especially where appeals are taken.

In the beginning, important decisions will channel through Washington. But once precedents are set, NLRB will turn over as much authority as possible to regional offices.

Sen. Ball's "watchdog" committee likes the way NLRB is going at its revised job. It may have something to say about this publicly later.

•

How will the new law be administered? Here are some likely answers:

(1) NLRB will take jurisdiction over the building and construction industry—which it has left alone up to now. Definition of what construction is interstate—and subject to the law—will be written case by case as NLRB acts.

Big question: how to conduct union-shop elections where operations are fluid and there are few year-round employees.

(2) Nonregistered unions may be allowed to intervene in defense of a contract. But they won't get a place on a ballot, can't be certified as bargaining agents.

(3) Employers will be able to get hearings on charges against nonregistered unions.

(4) Employer petitions for bargaining elections will be accepted only where it's shown that a union seeks recognition; premature elections to forestall union organizing are out.

(5) Professional workers—and those in craft units—will be allowed to petition for severance from a plant-wide unit—but only at contract expiration or some similarly reasonable time.

•

SOCIALLY MINDED WASHINGTON is all a-twitter over Truman's invitation to Princess Elizabeth and Philip to tour the U. S. on their honeymoon.

'Twould be the biggest event for the hostesses since the visit of the King and Queen.

But—if the visit comes to pass, Elizabeth and Philip will be here about the time Congress is debating the Marshall plan. Never underestimate the power of a woman!

•

AGRICULTURE DEPT. sees no slump through next year in demands for continued all-out production down on the farm.

First of the '48 crop planting goals—for wheat—sets a record target of 75 million acres; it compares with a call for 70 million acres this year, a war-years' average of 62 million.

(But farmers overplanted this year's goal at least 5 million acres.)

Potato planting goal for '48 bids for another 375-million-bu. yield.

Coming soon: spring pig goal. It will be at least equal to last year's target—which farmers failed to meet. It may go higher.

Goals for spring-planted crops won't be out until November. But they'll add up to an official request for another year of record production.

•

BEHIND THE HEADLINES—and the politics—of the Hughes investigation there's a law in the making.

It's a law seeking to write "arm's length" dealings into the relations between government procurement officials and contractors.

For instance, both Brewster and Ferguson talk about prohibiting military procurement officers from taking jobs—after a war—with companies with which they did business during the war.

Also, Brewster thinks civilians drafted into gov-

WASHINGTON OUTLOOK (Continued)

ernment jobs in wartime should be required to sever all business connections. And he would bar them from any dealings involving their old firms.

The senators' idea is to put these provisions, and more, into a permanent code covering negotiation, renegotiation, and settlement of war contracts. They would pass the law next session, make it effective whenever normal government buying techniques are tossed overboard to speed procurement.

SHOWDOWN IS COMING soon in the Federal Trade Commission over Commissioner Mason's campaign to shift operations to the trade-practice conference technique (BW—Jun. 14 '47, p6).

Veteran Commissioner Ayres—with an unexpected Truman reappointment in his pocket—is mad at Mason's belaboring of FTC's "hit and miss" enforcement, based on individual complaints.

Ayres demands a commission vote on Mason's proposals. Decision is likely before month's end.

Good bet: Mason will lose out.

SPECIAL CONGRESSIONAL ELECTIONS this fall will give you a small taste of how the political winds are blowing

The G.O.P. faces challenges on its record in the '47 session in three, possibly four, districts—in Pennsylvania, Michigan, Illinois, and, maybe, Ohio.

Best prospect for judging voter reaction: the 21st Illinois district. Boundaries have been shifted some since last year's voting but the district has been Republican since 1940; before that it was the late Speaker Rainey's bailiwick.

Vacancy stems from Evan Howell's resignation to become a judge. Date for voting isn't set—but November is likely

First recess contest comes up Aug. 26 in Michigan's 11th district, for the seat of the late Fred Bradley.

It's an all-vet race—legless G.O.P. Charles E. Potter vs. Democrat Harold D. Beaton. Republicans are almost sure to keep this seat.

Next comes the Sept. 9 vote in the 8th Pennsylvania district—G.O.P. since '38. Republican nominee is Franklin Lichtenwalter, speaker of the State House of Representatives; his opponent is an Allentown veteran with 18 months overseas.

This one may be close, but the G.O.P. has the edge.

Fourth possible contest is for the seat of Rep.

Bob Jones in the 4th Ohio (Lima) district. By Ohio often passes up special elections, and none has yet been called.

There are three other off-year elections on the summer-fall schedule.

Texans vote Aug. 23 in the 9th district to replace the late Joseph J. Mansfield; in the 16th district to pick a successor to Ewing Thomason, who quit to become a judge.

New York's 14th also is vacant. No date set for this one.

All three of these are a cinch to remain Democratic.

GOVERNMENT PRINTING OFFICE is promoting sales of a 39-volume set of official Pearl Harbor inquiry hearings.

GPO sales pamphlet calls the books a 3½-ft bookshelf from which you can find out for yourself the how and why of the Japanese attack.

Also—to attract rare-book collectors—promises there'll be no reprints.

Price: \$40.

BEHIND TRUMAN'S VETO of the science foundation bill (BW—Aug. 2 '47, p28):

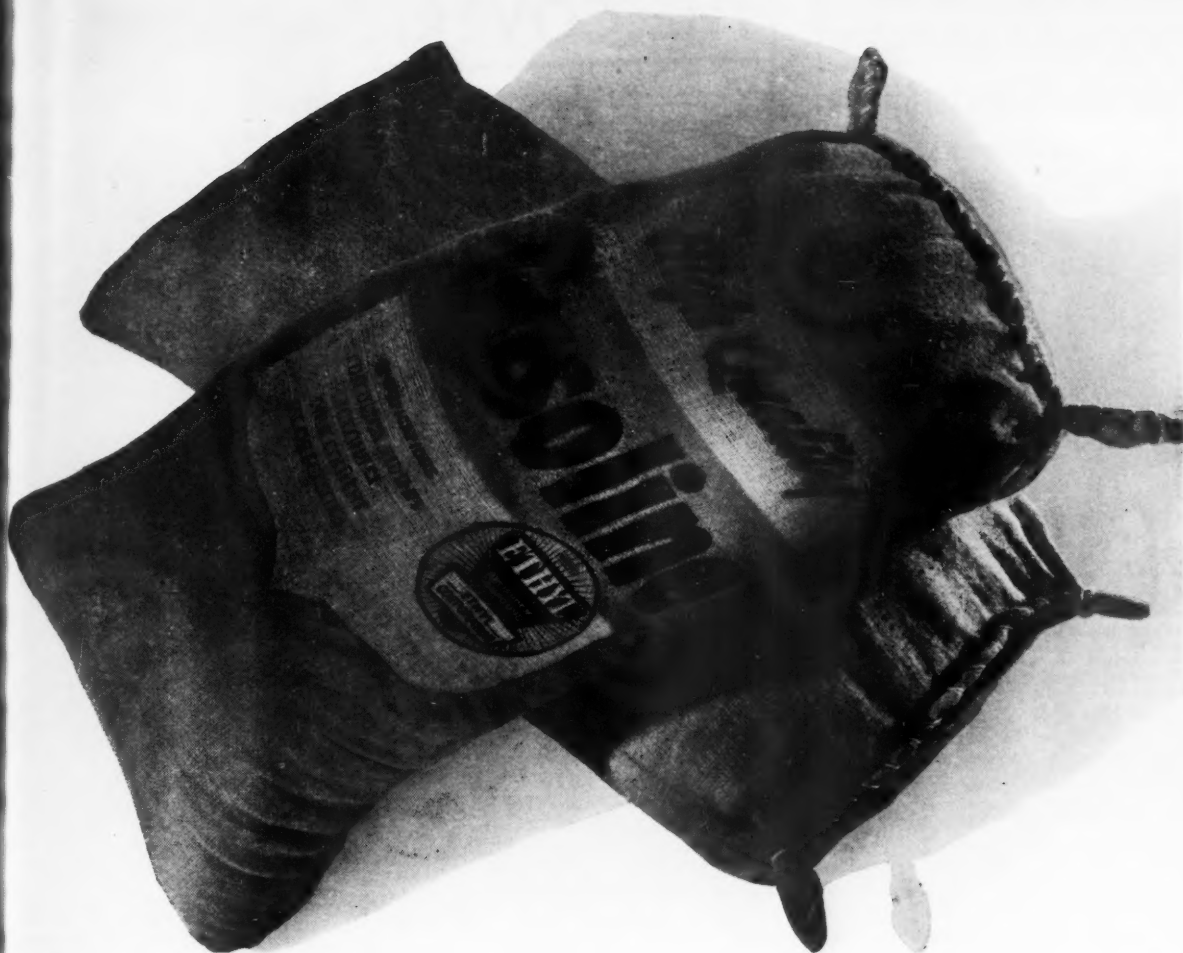
The Administration group that fought for the bill last year now has concluded that money for scientific research and training is no problem—yet Military research activities and G. I. scholarships already are bigger than scientific manpower can handle.

So what the Truman people want is to conserve manpower by tighter correlation of federal expenditures. A part-time semigovernmental board can hardly do this.

Future strategy: executive appointment of a science coordinating body sometime in the fall; shelving of the foundation bill—so far as active pressure is concerned—until G. I. benefits run out.

• John R. Alison, new Assistant Secretary of Commerce for Aeronautics, is an airman's airman. He flew with the air commandos operating with Wingate's raiders in Burma, taught British to fly P-40's and Russians to assemble them. His new job includes overhauling CAA. . . .

• Industrial expansion in the United States, now running just under \$4 billion quarterly, is nearly double the peak wartime expansion rate of just over \$2 billion for the third quarter of 1942.



if gasoline were sold in sacks...

it would be easy to stencil everything you'd like to know about the ingredients it contained right on the sack. However, gasoline is generally delivered direct to your gas tank, sight unseen. Oil companies can't label each gallon. That's why they put the familiar yellow-and-black "Ethyl" emblem on their pumps to show that they have improved their best gasoline with "Ethyl" antiknock compound. This famous ingredient, which improves engine power and performance, is made by the Ethyl Corporation, Chrysler Building, New York 17, New York.

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Saks Fifth Avenue, Another Webster Moderator System



SAKS & COMPANY, Fifth Avenue, New York, N.Y. Built 1924, Architect: Starrett and Van Vleck. Heating Contractor for original installation: Gillis and Geoghegan. Heating Modernization 1944 by Contractor Thomas J. Dorsey, Inc.

From the time Saks Fifth Avenue, the "world's most luxurious store", was built in 1924 reliable heating has been provided with a Webster Vacuum Steam Heating System.

In 1944, to cooperate in the war-time fuel conservation program, Saks discontinued their oil burning boiler plant, arranging to use metered steam purchased from the New York Steam Corporation.

To assure minimum steam charges at all times the installation was converted to a Webster Moderator System. Radiator valves were equipped with expertly sized Webster Metering Orifices. Automatic continuous "control-by-the-weather" was provided by the Outdoor Thermostat.

Under the competent operation of the Engineering Department of Saks Fifth Avenue the Moderator System affords comfortable heating regardless of outdoor temperatures. "Operability" of the System is demonstrated by the fact that each year since its installation, economy in steam consumption has increased.

If your heating system is without control, or with inadequate control, we solicit the opportunity to go over your problem with you. Use our experience to help you in your heating management problems.

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Webster

HEATING SYSTEMS

THE COVER

William J. Meinel's father was one who believed that if a boy wasn't ready to face the world at 14, he never would be ready. So young Bill, at the age of eight, began studying mechanical drawing. A year later his study had progressed to engineering subjects; this meant night school work in addition to attendance at Philadelphia's public schools.

In 1908, when he was barely 15, Bill Meinel became a machinist's apprentice. In his spare time he studied mechanical engineering and business administration at Franklin Institute and Temple University. Eight years later he joined the Edward G. Budd Mfg. Co. (now the Budd Co.) as superintendent of the tool and die department. By 1932, when he left Budd, he was vice-president in charge of operations and a director.

• **An Old Friend**—Friendship played a big part in the shift he made at that time. Ten years earlier Leo Heintz had left Budd to form the Heintz Mfg. Co., a metal stamping and fabricating concern. Heintz died in 1931, leaving a company with a splendid reputation but a sheaf of frozen assets. The following year, Mrs. Heintz persuaded Meinel to leave Budd and become its president and general manager.

Meinel immediately won the workers' confidence. He promised that every dollar of dividends would be matched by a dollar in employee bonuses. That policy currently amounts to about a month's extra pay for workers each year.

• **War Job**—Under Meinel's leadership, Heintz performed outstanding war service. Its most spectacular effort was the design and construction in one month of the "Calliope," the 60-tube rocket launcher for use on tanks.

Now back in its peacetime role, Heintz is resuming the policy laid down by its president years ago: to achieve the utmost diversification so as to eliminate seasonal peaks and valleys. That calls for new processes, new techniques—combined with engineering and managerial ability. Customers and competitors agree that Heintz, under Meinel, has more than its share (page 21).

• **Outside Interests**—Meinel finds time to serve as a director of the Federal Reserve Bank of Philadelphia, vice-president of the Philadelphia Chamber of Commerce, trustee of the Philadelphia College of Pharmacy & Science, and president of the Philadelphia post, Army Ordnance Assn.

The Pictures—Republic Steel—15; Westinghouse—17; Acme—25; Press Assn.—29; Christy Shepherd—57; Art Streib Studio—58; Charles Phelps Cushing—62; McGraw-Hill Studios—66; Ford News Bureau—70; Int. News—85; Shelburne Studio—88.

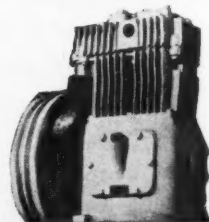


New Famous "JEEP" equipped with Quincy Compressor provides excellent portable compressed air supply.

AIR COMPRESSOR ACCESSORY FOR THE 'Jeep'

Now, compress air "on the spot" with this new Quincy unit that can be mounted on any "Jeep". Regular power take-off operates compressor at full capacity. Quincy Compressor is easily removed when not in use. This is another case where Quincy has developed a special compressor to meet the requirements of a leading manufacturer. More than 100 well-known makes of machines and equipment that utilize compressed air are equipped with Quincy Compressors. Quincy builds air compressors exclusively in a complete line of sizes, ranging from 1 to 80 c.f.m. in air and water-cooled models. Call in a Quincy Specialist to help select correct size and type compressor to meet your requirements. Write Dept. W-87, QUINCY COMPRESSOR CO., Quincy, Illinois.

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BUSINESS OUTLOOK

BUSINESS WEEK

AUGUST 9, 1947



Familiar reports of "gains over a year ago" must be expected to become fewer and fewer as the months roll by.

Even with rising prices, there is a limit. Department store sales last August, for example, soared to phenomenal levels; dollar volume now is falling behind those marks. New York sales were off last week.

The same factors are at work in most lines with the biggest booms.

Importance of the June decline in export volume (page 86) cannot yet be fully appraised. Yet the implications are disturbing.

It has been pointed out by all hands that we could not hope to continue such a huge "favorable balance." England's troubles, highlighted by Prime Minister Attlee on Wednesday, are a typical indication (page 83).

Net exports in June were at an annual rate of more than \$2 billion less than May. That isn't much to the over-all economy.

But any further decline can begin to hurt. There is little doubt that sales abroad spell the difference between full-tilt operations and a cutback in activity for some industries.

Foreign holdings of gold and dollars probably are down to around \$16-billion. They amounted to an estimated \$18 billion last March and to \$20-billion at the end of the war.

Most of the reduction undoubtedly has been in the balances of countries that could least afford it. Western Europe provides an example.

And Britain's drafts on its dollar loan are not slackening.

Manufacturers' sales declined each month from March through June. If you allow for the number of working days, however, June was up 3%.

Value of sales has declined from about \$13.9 billion in March to \$13.6 in June. First the decline was in soft goods. Later, there was some reduction in durable lines.

It should be noted, however, that changes in durables have been largely in autos. This reflects production interruptions, not demand.

Some of the March-June decline in manufacturers' sales of soft goods can be traced to the price decline in that period.

However, prices have stiffened recently. Moreover, new orders have risen. Both contributed to a comeback in dollar volume in July.

Wholesaling has leveled off right along with manufacturing.

Dollar volume of 2,947 wholesalers reporting to the Dept. of Commerce for June was just about unchanged from May. These firms' inventories, valued at cost, also were very little changed.

Compared with a year ago, however, June sales were up 22% and inventories 64%. For the half year, sales topped 1946 by 24%.

Meanwhile, credit extended has topped the sales rise. Accounts receivable in June were 38% above a year earlier. This is a potential trouble spot should sales volume decline later in the year.

It takes a lot of storage space to handle the goods of a full economy. Or is it, maybe, that merchandise of some types is piling up?

BUSINESS OUTLOOK (Continued)

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Whatever the reason, public merchandise warehouses have been about 90% full all this year. Occupancy dipped last summer, but not this time. Result is a gap of five percentage points between this season and last.

At this time in 1940 (to get an idea of previous peacetime experience) merchandise warehouses were only 72% occupied. These figures, of course, do not include cooler and freezer space for perishables. Occupancy of these is subject to very wide seasonal variations.

Manufacturers continue to build inventories even though wholesalers and retailers began to cut theirs a couple of months back.

In May and again in June, factories added \$300 million to stocks. That's a little less than earlier in the year, but it's still high.

In June, latest month for which figures are available, the rise was almost entirely accounted for by manufacturers of durable goods. This accentuates the caution that has been growing in soft lines since October.

Steel people, incidentally, are beginning to wonder what auto plants are doing with the foundry products they are buying. They keep on taking deliveries even when they have to shut down for lack of sheet steel.

This may not be an important matter. Yet there is danger of overbuilding stocks of things you can get while limping along on scarce items.

Producers of metals now scarce have reason to worry about what may have happened to their customers once supplies are again adequate.

Lead is a good example. Even with substantial imports, consuming industries in this country are barely scraping by. But Robert L. Ziegfeld of the Lead Industries Assn. gave Montana miners some sobering ideas in a speech this week.

Foil took 45,000 tons of lead in 1941, only 4,000 in 1946. Experience in collapsible tubes is of the same sort.

Plastics are coming in as cable sheathing, and neither titanium nor zinc is waiting for lead to come back in paint pigments. Steel, iron, copper, and brass are taking lead's place in plumbing.

Babbit metal can be forced out by roller bearings. DDT and other insecticides that don't use lead are gaining popularity.

But: A lot of lead is used and will be used in atomic fission.

Wage agreements just concluded by Kennecott and American Smelting & Refining remove the strike threat from nonferrous metal markets.

Users earlier had been worried over deliveries. They were not, however, jumping in and buying. Markets continue in their midsummer quiet; analysts now, more than ever, think the next major trend will be down.

Even lead-consuming industries are becoming inventory conscious.

Seasonal gains in over-all employment obscure the fact that manufacturing isn't expanding. Separations topped hiring in both April and May. That reversed a trend that had been conspicuous ever since late 1945.

Meanwhile, separations (quits, firings, layoffs) have shaken down at around 50 for every 1,000 workers in manufacturing.

During the war, separations got up around 80 to the 1,000; in prewar 1939, with jobs much harder to find than now, they averaged around 30.

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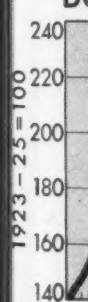
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BUSINESS

FIGURES OF THE WEEK

THE INDEX (see chart below). *190.8 190.2 186.0 183.1 162.2

PRODUCTION

Steel ingot operations (% of capacity).....	94.9	94.4	78.9	89.0	97.3
Production of automobiles and trucks.....	94,408	183,862	66,460	79,385	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$18,738	\$17,443	\$18,359	\$21,109	\$19,433
Electric power output (million kilowatt-hours).....	4,806	4,730	4,190	4,351	3,130
Crude oil (daily average, 1,000 bbls.).....	5,088	5,084	5,065	4,881	3,842
Bituminous coal (daily average, 1,000 tons).....	#	#	#	2,083	1,685

TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars).....	84	83	85	85	86
All other carloadings (daily average, 1,000 cars).....	69	70	56	67	52
Money in circulation (Wednesday series, millions).....	\$28,129	\$28,145	\$28,409	\$28,254	\$9,613
Department store sales (change from same week of preceding year).....	+4%	+8%	+3%	+33%	+17%
Business failures (Dun & Bradstreet, number).....	69	76	82	14	228

PRICES (Average for the week)

Spot commodity index (Moody's, Dec. 31, 1931=100).....	418.8	418.4	403.7	350.7	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	268.1	268.5	261.5	208.9	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	372.3	374.0	360.8	311.0	146.6
Finished steel composite (Steel, ton).....	\$74.77	\$69.14	\$69.82	\$64.45	\$56.73
Scrap steel composite (Iron Age, ton).....	\$41.75	\$40.83	\$35.58	\$19.17	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	21.500¢	21.500¢	21.500¢	14.375¢	12.022¢
Wheat (Kansas City, bu.).....	\$2.27	\$2.32	\$2.15	\$1.94	\$0.99
Sugar (raw, delivered New York, lb.).....	6.19¢	6.19¢	6.19¢	4.20¢	3.38¢
Cotton (middling, ten designated markets, lb.).....	35.70¢	36.79¢	36.92¢	34.17¢	13.94¢
Wool tops (New York, lb.).....	\$1.640	\$1.628	\$1.553	\$1.440	\$1.281
Rubber (ribbed smoked sheets, New York, lb.).....	15.57¢	15.94¢	14.58¢	22.50¢	22.16¢

FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	124.7	125.9	123.9	142.7	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's).....	3.16%	3.17%	3.19%	3.03%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's).....	2.56%	2.55%	2.55%	2.50%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	11-11	11-11	11-11	11-11	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	1%	1%	1%	1-1/8%	1-1/8%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	47,145	47,187	46,602	45,650	47,777
Total loans and investments, reporting member banks.....	63,479	63,513	63,371	69,077	63,309
Commercial and agricultural loans, reporting member banks.....	11,967	11,883	11,809	8,916	11,963
Securities loans, reporting member banks.....	2,118	2,020	2,252	3,764	2,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks.....	38,739	39,154	38,990	47,808	41,989
Other securities held, reporting member banks.....	4,232	4,165	4,104	4,019	4,303
Excess reserves, all member banks (Wednesday series).....	800	700	550	856	5,290
Total federal reserve credit outstanding (Wednesday series).....	22,310	22,093	22,145	24,164	22,265

*Preliminary, week ended August 2nd

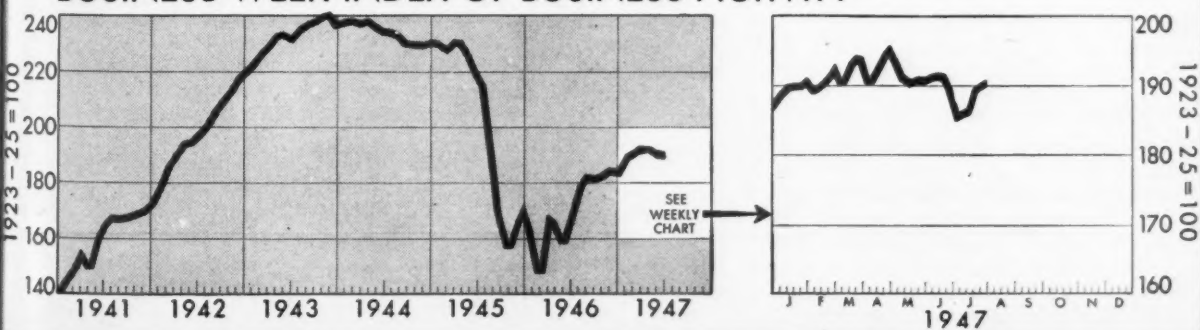
‡Ceiling fixed by government.

#Series temporarily discontinued (BW—Jun.14,'47,p.5)

‡Date for "Latest Week" on each series on request.

†Revised. ††Estimate (B.W.—Jul.12'47,p.16)

BUSINESS WEEK INDEX OF BUSINESS ACTIVITY





Home Town Folks

Wherever there is a Bell telephone office, you will find it operated and managed mostly by home town people.

For the Bell System is made up of many hundreds of local units, each serving its own community. So the telephone company isn't something big and far away but close to your home and your interests.

This means compact, efficient operation and it also helps to keep a friendliness and a neighborliness in the conduct of the telephone business.

The Bell telephone people in your community aim to be good citizens in all things, in addition to giving you good and economical telephone service.

BELL TELEPHONE SYSTEM





STRIP STEEL, although rolling at high speed, is outstripped by demand.

Shortages Keep the Brakes On

Two years after war's end, suppliers still have to allocate materials in nearly every industry. So businessmen still don't know how much they can get. Result: hobbled production, high prices.

Ask any businessman what is worrying him these days, and the chances are that he will name two things immediately—rising prices and shortages of goods and materials. With manufacturers, retailers, and wholesalers, big and little, it's the same story all over the country.

To a large extent, these two problems tie in together. It is the shortages of materials that have kept production from rising fast enough to knock prices down.

• **False Hope**—When industry was first starting on reconversion, most businessmen thought that it would take only a few months of good production to clean up the major shortages. But this week—two years after the end of the war—they still don't know from one month to the next how much of many things they can get.

A Business Week survey of major companies all over the country shows that in almost every industry suppliers

still have to allocate at least some of their lines among customers.

• **Steel**—The worst of today's shortages—in comparison with demand—is steel. As a result, steel makers have established what is probably the tightest allocation system of any industry in the U. S.

As soon as government controls came off, the big steel companies started an informal allocation of their own. They base it mainly on prewar use. (In a few cases they have allowed extra shipments to take care of emergency needs. Railway car builders, for instance, got their quota boosted after Congress and the Office of Defense Transportation started running temperatures over the lag in car production.)

• **How It Works**—For a more or less typical example of the way steel allocations work, take the case of a fabricating company in Baltimore. Here is its story:

"We are on allocation from all mills,

with quarterly supplies based on 1938 to 1941. That's all right except that we think we ought to get more than we do because the mills were running only 65% to 70% of capacity eight years ago and now they are hitting 95%. Our shops could have used 20% to 25% more of hot rolled products in the first half of this year. In the fourth quarter, the mills won't promise more than about 80% of what we want, and since they are now 30 days behind in their orders it looks like the last part of the year is going to be a tough time."

Like a lot of other companies, this firm has been able to better itself by shopping around among warehouses in its section. But it still is a good way short of getting all the steel it would like to have.

• **Other Industries**—Outside the steel industry, allocation systems are likely to be less rigid. Most firms like to stick as close to prewar distribution patterns as they can (BW-Sep. 7'46, p17; Sep. 21'46, p19). But many of them also want to make allowance for population shifts and other factors that have changed the sales potentials of various areas in the last five years. As supplies have loosened up a little, some companies have gone back to a first-come-first-served basis—even though they still don't have enough to meet all of the demands.

For instance, Thompson Products, manufacturer of automotive parts, dropped quantity limits in filling orders about a year ago. If a customer asks for 400 pistons and it has that many on hand, it will ship them even if it means exhausting the stock for the time being. As things stand, it can fill about 73% of the orders immediately, and it can take care of most of the others within a week.

One big electrical-goods manufacturer has worked out a complicated formula for allocating appliances to jobbers. It uses an area purchasing power index and takes into account both population shifts and prewar use. For dealers, it has a somewhat similar system. But it gives less weight to prewar experience because the turnover in dealerships has cleaned out a large number of the old ones.

• **Dislocations**—In most short lines, the supply situation is likely to be spotty. One producer will be able to fill a bigger proportion of his orders than another can. Or one region will be getting a fairly comfortable allotment while others have their tongues hanging out. But as a rule, a commodity that is short one place is short everywhere. And

Tax Duplication: A Start Toward a Solution

One thing that always has exasperated taxpayers is the way federal and state taxes overlap and duplicate each other. Historically, as soon as one opened up a likely source of revenue, the other would move in on it. As a result, the taxpayer often wound up getting hit twice in the same place.

• **Treasury Report**—The latest contribution toward straightening out the muddle is a lengthy study by the Treasury's tax research staff. While the study does not commit the Treasury to anything, it is intended to serve as background for the grand-scale revision of the tax laws that Congress has been promising to write.

According to the Treasury's estimates, in the fiscal year ended June 30, 1946, both federal and state governments got about 90% of their revenues from the same general sources (chart). These included taxes on incomes, estates and gifts, liquor, tobacco, gasoline, admissions, and stock transfers. Federal revenues in that year totaled \$38,971,000,000. State revenues came to \$4,919,000,000.

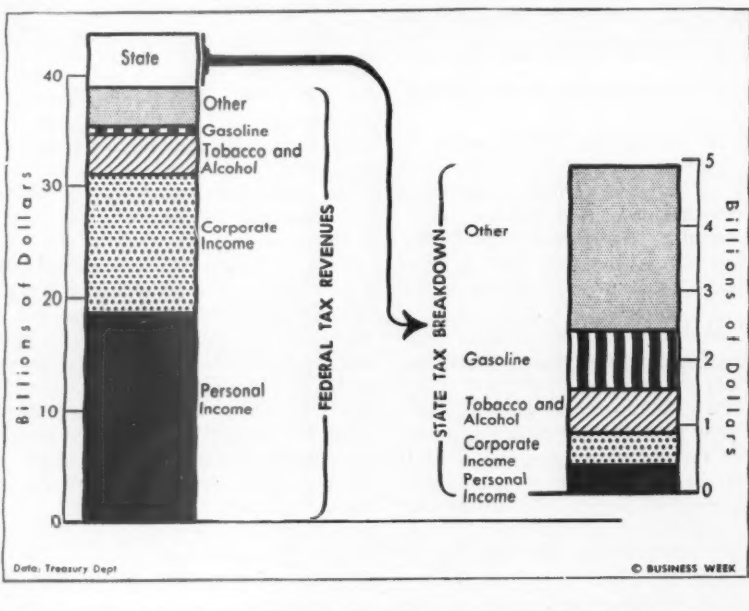
• **Income Tax Question**—The Treasury is inclined to brush aside the argument that states should get out of the personal income tax field now that the federal government is de-

pending on it for around \$18 billion a year. The study points out that the federal government allows taxpayers to deduct state taxes from taxable income. Some 20 of the 29 states imposing an income tax allow federal taxes as a deduction.

The deductibility feature cuts down the duplication considerably, especially in the top brackets. In the lower brackets, the states generally have higher exemptions than the federal.

The Treasury is more concerned about straightening out estate and gift taxation, which it regards as sadly out of date. And it thinks the states might as well get out of tobacco taxation entirely. The experts argue that the states cannot police their tobacco taxes because of the interstate traffic in cigarettes. Consequently, they probably would be better off to pull out of the field and let the federal government collect 2¢ a pack from manufacturers to be prorated among the states.

• **Gas Tax Cut?**—Gasoline taxes, the Treasury thinks, is a field the federal government might well vacate. But it softens the conclusion by adding that the effects of overlapping "are perhaps less serious in the field of gasoline taxation than in any other realm of federal-state duplication."



would-be customers all over the country are worrying pretty much about the same things.

Here's an abbreviated roll call of

some of the major commodities that still are short enough to move under some sort of allocation system:

Steel. All kinds of steel are short,

except for a few specialty items that account for negligible tonnage. Sheet and strip are tightest of all. One thing that complicates the situation from the customer's viewpoint is the mills' system of rolling one product for long periods. If a man wants something else, he has to wait until its turn comes up.

Nonferrous metals. Copper is a shade easier. But it's still tight enough to tie up production of electrical equipment. Tin and lead are still tight.

Heavy chemicals. The worst shortages are in soda ash and caustic soda. Chlorine is still tight but is easing up a little.

Plastics. Practically all types of plastics are desperately short. Among other things, this has tied up electrical equipment production. In the past few months bakelite powders have been a little easier to get, but there still isn't enough to meet demand.

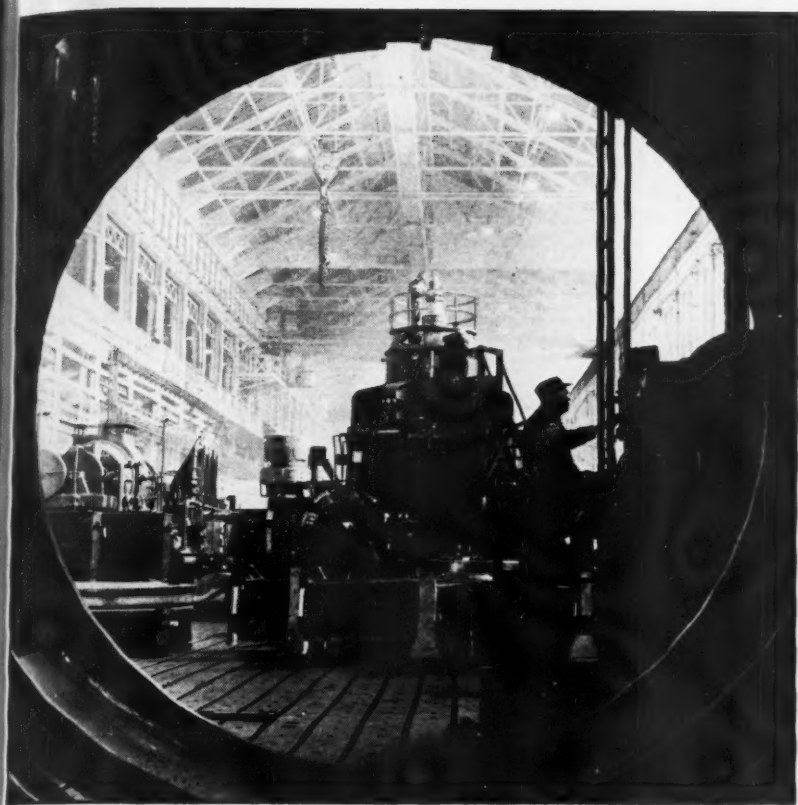
Textiles. Soft woollens are not hard to get now, but worsteds are tight as ever. Most mills have some sort of allocation system on their shipments. But there are so many middlemen in the textile industry that any precise method of doling out supplies is out of the question. About the same thing goes for cotton and rayon.

Some of the big clothing manufacturers are rationing their output to retailers. Small cutters usually sell to the first buyer unless they have long-standing connections with a particular retailer.

Rubber. The government still controls crude rubber, but most rubber products are off allocation now. Conspicuous exceptions are conveyor belts and foamed rubber products (cushioning material, flooring, and the like). Goodyear is still allocating its pliofilm packaging material.

• **Consumer durables.** With only a few exceptions, manufacturers have to allocate anything with steel in it or anything electrical. The list includes refrigerators, ranges, washing machines, toasters, mixers, some radio models, some vacuum cleaners, various other appliances, and hardware of all sorts. Bendix recently stopped allocating its washers, and Monitor Distributing Co. has taken the limits off its vacuum cleaners. But these are exceptions—at least among the better known brands; many unknowns in electrical appliances are a drag on the market.

Automobiles. Without exception the automotive manufacturers have allotment systems to spread current output among dealers. Most of them use prewar sales as a base. They reserve 80% to 90% for old dealers (including about 10% for export), and use the rest for new dealers, special cases, and the like. When a new dealer is appointed, he usually gets a quota based on an estimate of the sales potential of his territory in comparison with other dealerships.



POWER GENERATORS are coming off assembly lines—but not fast enough.

U. S. Power Shortage Looms

Wartime brownout may return this winter because there's not enough equipment to meet electric demand. Midwest will be hardest hit, New England least. Big users to be curtailed.

The wartime brownout may return to the U. S. this winter. At least, that's the prospect for some sections of the country. Reason: There just isn't enough generating and other equipment to meet the high demand for electric power. And that means that any conservation program will first hit nonessential power users, such as advertising display signs.

• **Midwestern Threat**—Nowhere in the nation will reserves be really adequate this winter except in New England. But the region most seriously threatened by a power shortage is the area east of the Mississippi River and north of the Ohio. That includes the midwestern industrial area, where the pinch will really be tight. And some local spots in that section can be even worse off. For example, Minneapolis and St. Paul may be hardest hit of all the cities in the shortage area.

Elsewhere, this winter's lights may burn brighter than in the Midwest—but still below normal. Florida has long been tight on electricity. Arizona is in

trouble now; Texas seems on the verge of it. Small municipal systems in particular could suffer seriously from the power shortage.

• **Two Factors**—The potential shortage can be explained by two factors: (1) high demand; and (2) equipment shortage.

In 1946, industrial power consumption dropped 6.3 billion kwh. from 1944's wartime high. But residential, rural, and commercial use all topped war peaks, pushed last year's total output slightly above 1945.

This year, over-all demand is still higher. But that doesn't tell the whole story. The load factor—ratio of average use to use in peak periods—has dropped sharply. (It was down 7.6% last year from 1945, may go even lower this year.) That means that a larger proportion of power use is coming in the hours of peak-demand—thus putting a tremendous added strain on power-generating facilities.

The big test will come in December. Reason: Shorter days create more de-

mand for electric lighting in homes and offices; during the year's shortest days this demand reaches its peak at hours—in the morning and the late afternoon—when industrial demand is also at a high level.

• **Equipment Lack**—The biggest bar to an effective effort to avert the shortage is lack of equipment. During the war, turbines, boilers, pumps, switchgear, and the like could be made for civilian power use only when absolutely necessary. A synthetic rubber industry, a seven-ocean Navy, and a swarm of merchant ships were abuilding. They took the same men, materials, and shop space that were needed for central-station power.

To make up for lost time, utilities were given a quick go-ahead on their backed up orders around V-E Day. But it takes 15 to 24 months to build a turbine generator, much longer to get it operating. On top of that, major electrical manufacturers were hit by a strike in 1946 (one top turbine builder was tied up for nearly a year). The steel strike delayed the delivery of necessary materials; the coal strike delayed the delivery of steel; copper became a scarce metal.

Result of all these factors: 1946 installations were pushed a million kw. behind schedule.

By the end of this year, the industry will be only 500,000 kw. behind schedule. But materials still do not flow as they should, and labor productivity is off. There is a shortage of steel—priority has been granted to heavy steel mill equipment.

• **Possible Answers**—What can the utilities do about stretching their limited power?

One answer could be the interconnection of one system with another, especially in the Midwest. But such an operation requires a lot of time—and equipment. Thus it could probably not be done this year.

The most likely out if the threat develops into a real shortage would be to ask big power users to curtail. Sign lighting, air conditioning, noncontinuous process chemicals, perhaps even electric furnaces, could spare kilowatts for a while. If these weren't enough, cuts would have to go deeper in industry. But whatever happens, the householder would get energy, would only be asked to conserve electricity as much as possible.

• **No National Shortage**—One bright spot for businessmen especially to remember is that any shortage would be far from nationwide. Also, it would be serious only during the winter months this year. In 1948-49, most areas will have better reserves. And by the winter of 1949-50, the industry should be completely out of the woods with enough power for all parts of the country.

NATIONAL HIGHWAY NETWORK



THE INTERSTATE SUPERHIGHWAY system announced by the Public Roads Administration last week end is still pretty much in the future. Plan is that the 37,681 mi. of routes will eventually be improved to meet design standards approved by the American Assn. of State Highway Officials. These call for four-lane divided highways on roads with peak traffic of more than 800 vehicles per hour, six-lane, limited-access roads where peak load is over 3,000

cars per hour. But states are under no compulsion to spend highway funds—even federal-aid funds—on these projects. No official estimates of how long it will take to do the job or of the total cost have been made. But it is generally agreed that the outlay will come to many billions; 15 to 20 years have been mentioned as the minimum time. Most of the roads already exist. They include about 1% of the nation's roads, carry about 20% of its intercity traffic.

Price Kickoff

G.M. starts new round of increases on autos. Ford may not go along. Next year's models expected to cost even more.

Prices are going up another notch on automobiles. And Detroit, chewing over the situation, sees no way to go but up on 1948 models.

• **G.M. First**—General Motors Corp. kicked off the newest round of advances. It announced a "reluctant" upward adjustment of 2% to 6% in list prices on its passenger cars and trucks of all makes. Price adjustments on nonautomotive products, the company said, will follow the vehicle pattern. Automotive service parts will not be changed.

The announcement was no surprise to Detroit. But it would be a surprise if the industry failed to move into line with the G.M. advances. By mid-

week, Packard and Kaiser-Frazer had already taken the step. Packard raised all prices an average of 5%; K.-F. boosted the Frazer about 5%, left other models unchanged. The one doubtful follower is Ford; a few weeks ago it stated its intention of trying to hold the price line.

• **Costs**—The advances had been expected because of increased costs. Since the last round of general increases, higher wage levels for labor have gone into effect—about 15¢ an hour in most auto plants.

The advance of steel prices by \$5 and more a ton during the past fortnight was passed on to auto companies almost immediately by most suppliers. In direct application, the steel prices alone raise costs about \$10 a car; to this must be added profits taken along the line by fabricators and processors.

General Motors, supporting its price advances, reported that its labor bill was up 12% because of its April, 1947, wage contract with the auto union (BW—May 3 '47, p83).

• **Specific Figures**—Beyond that, G.M. had some highly interesting tabula-

tions on cost advances since November, 1946, the date of its last general increase. Steel has gone up 17% since then, said the company; pig iron, 29%; copper, 26%; tin, 22%; lead, 43%; cotton, 23%; wool, 12%.

Only crude rubber was on the favorable side: Natural rubber is 30% lower than in wartime. But tires have not gone down that much because of labor costs.

• **Inventory, Too**—Inventory profits, too, appear to be about finished. G.M.'s president, C. E. Wilson, remarked that "increased costs were only partly effective in the first half of this year, during which period General Motors was able to show reasonably satisfactory earnings through liquidation of lower-priced materials. These materials, purchased at lower prices, have now been consumed and must be replaced at current higher prices."

For 1948, Detroit sees no turn in the trend. Some guess that 1948 models, on the average, will cost from 3% to 5% more than their 1947 counterparts.

Black Market in Yellow Metal

Gold is in big demand as a hedge in countries with wobbly currencies—even at high paper premium. But dealings make tough job for monetary officials. U. S. Treasury cracks down.

The old-fashioned international gold standard has been a dead duck ever since the Great Depression hit it back in the early 30's. But gold has been money or the basis of money for so many centuries that people still grab it when they feel their own local currencies falling out from under them. And so today the ghost of the old gold standard is rising up to haunt international monetary authorities.

Anywhere that local currencies are shaky (which covers a large part of the world these days), a lot of people would rather have gold than folding money. To get it, they will pay fancy premiums in terms of their own money. In a few cases, they even will pay a premium in good American dollars, although the dollar and the Swiss franc are the strongest currencies in the world today.

Fighting Odds—This scramble for the safety of the yellow metal makes life just that much harder for the officials of the International Monetary Fund. Their job is to prop up the wobbling currencies of the world. It's a tough enough assignment all by itself. And if the citizens of the various countries can traffic in gold at prices far above the official rate, formal attempts at stabilization are like giving the wrong odds in a crap game.

That's why the U. S. Treasury and the monetary authorities of other countries have begun cracking down on the "black markets" in gold. Their object is to stop the private trading and keep the gold traffic on a government-to-government basis.

Changes Put Forth—Next week the Treasury will hold hearings in Washington on a set of proposed amendments to its regulations on export of gold from the U. S.

One of the proposed changes will restrict exports for industrial and artistic uses to semiprocessed gold. This means no more shipments of gold bars under license for industrial use. The Treasury figures that it is too easy to side-track bar gold into a black market once it gets out of the country. If the metal comes here in the form of gold teeth, it's more likely to wind up in somebody's mouth, which is where the monetary authorities intend it to go.

Refining Operations Hit—Another important change will tighten up the rules under which refiners in this country can import gold-bearing ores, process them, and export the product.

Under present regulations, a refiner

can do pretty much what he pleases with gold that he extracts from imported ores. American Smelting & Refining Co., for instance, has made a public offer to bring in Canadian ore and sell the gold extracted from it outside the U. S. at a premium. Under the new rules, the Treasury will forbid export of gold recovered from imported



In Mexico, a new facade.

SQUIBB EXPANDS

Add to the swelling list of U. S. firms in Mexico: E. R. Squibb & Sons.

Built by a Mexican contractor, the new \$300,000 plant just outside Mexico City is picking up operating speed. Better than half of the 125 Squibb products currently on the Mexican market are to be manufactured here. A distribution setup is being arranged with 24 wholesale representatives who are scattered throughout the republic.

There are three major buildings on the flower-bedecked site. But Mexico's medical profession is chiefly interested in one devoted to producing penicillin. The output aim is 20 billion units a month.

Richard W. Plummer, formerly with E. I. du Pont de Nemours & Co., is general manager of Squibb's Mexican operations; Dr. Miquel E. Bustamante, noted Mexican physician and teacher, is medical director.

ores except to the country of origin.

- **Not for Dollar's Sake**—The Treasury isn't clamping down on the export regulations because it has any worries about the gold position of the dollar. There is plenty of gold in U. S. reserves now. And with the balance of trade running heavily our way, there is more coming in all the time.

At present, the monetary gold stock of the U. S. adds up to about \$21.5 billion. This represents close to two-thirds of the total world supply. It makes the U. S. far and away the biggest gold-holding country.

- **Rules Anyway**—Strictly speaking, the U. S. is not on a gold standard any more. But our rules for handling the metal give about the same result for most purposes. Private citizens in this country cannot own unfabricated gold. They have to sell it to the Treasury, which pays them \$35 an ounce for it. Similarly, individuals cannot ship gold out of the country except under special license for industrial, professional, or artistic use.

This gives the Treasury complete control of the U. S. gold stock. In dealings with other countries, the Treasury stands ready to transfer gold if necessary to make up a deficit in the balance of payments, but it handles all the negotiations itself. Individual exporters and importers have nothing to do with gold movements.

- **Reserve**—Internally, the gold stock acts as a reserve against currency and bank deposits. This keeps the bookkeeping of the Treasury and the Federal Reserve Banks straight and methodical, but it gives only psychological comfort to the ordinary holder of a \$10 bill. U. S. currency is not convertible; the holder cannot take it to the Treasury and demand gold for it.

Inside the U. S., the Treasury's buying price (\$35 an ounce) is the only price for gold. There is no black market, because no one can see any chance of profiting, now or later, by paying more. Even if the Treasury should someday increase its buying price, illegal holders of gold could not cash in because they would have to explain their ownership when they tried to turn their metal in for dollars.

- **Abroad Situation Differs**—Elsewhere in the world, it is a different story. All countries that joined the International Monetary Fund declared an exchange value for their currencies in terms of gold. But many of them are in such a financial hole that it is a wide open question whether they will be able to maintain the values, even with the Fund's help.

In these countries, a man who bought gold now might be able to turn it in later for a far larger amount of currency, especially if the controls on gold holding are loose. This is where the black

markets gather in their customers.

• **Flourishes in Far East**—The biggest traffic in gold lately has been in the Orient, traditionally an area that likes its money in solid metal. One of the most flourishing black markets is reported to be on the island of Macao, a Portuguese colony just off the coast of China. In India, prices have run as high as \$92 an ounce at the official rupee exchange rate. The Indian government is now threatening "strong" but unspecified measures against the maritime colonies, which apparently are winking at illegal gold imports.

In the Middle East, another hard-money area, prices are said to run from \$50 to \$75 an ounce. In European countries, the premiums depend on how hard pressed the government seems to be.

• **Exaggerated Picture**—In most of these sales, the buyers pay local currency for gold. The supposed dollar value per ounce represents the selling price converted to dollars at the official rate of exchange. This gives an exaggerated picture of what black market gold is bringing in terms of dollars.

One result of the reports of fantastic prices for black market gold was to start the rumor that the U. S. Treasury was going to raise its buying price. Speculators in the stocks of gold mining companies happily embraced the story and passed it on enthusiastically. The result has been a striking rise in the common share values of gold mines.

• **Price Won't Be Raised**—Actually, there isn't a chance in the world that the Treasury will raise its buying price. The dollar is under no pressure at all. And the Treasury, with its \$21.5-bil-

lion gold pile, is sitting pretty as far as reserves are concerned. If gold sells for more than \$35 U. S. in foreign black markets, the explanation is the scarcity of free gold abroad, not a weakness of the dollar.

The only possible advantage of an increase in the official gold price would be that it would enable the rest of the world to buy more American goods with the gold they now have. But the inflationary effects of the change would cancel out most of this gain.

• **Opposite Direction**—As far as the gold mining companies are concerned, they can comfort themselves with the reflection that their fortunes always move in the opposite direction from the rest of the economy. The price of their product is fixed in good times and bad. But in prosperity other prices rise and costs eat into their margin. In depression other prices and costs drop. Then the gold mines get their innings.

Prices Climb on Medium Grades of Southern Pine

Through a haze of uncertainties eastern builders thought they could glimpse better supplies of lumber. But this week the haze parted long enough to disclose only one clear fact: Prices of medium grades of southern pine had turned upwards again. Southern lumber producers were asking \$65 to \$68 a thousand-b. ft. for No. 2 yellow pine at the mill. The increase averaged out to some \$10 more than the June price.

Retail prices had quickly followed upward. In Baltimore, dealers asked

from \$72.50 to \$80.00 for the No. 2 board.

• **Spring Price Break**—The upswing in the lower grades came after a general price break in the spring. At that time many fly-by-night mills that had been riding the crest of the boom folded up. With these mills out of the picture supply dropped. To make the situation more acute, summer rains hampered cutting. Hence when demand suddenly firmed in June, prices nosed upward again.

To some dealers, reversal of the downtrend came as a surprise. They had expected prices on the medium grades to go even lower. Most lumbermen now think the market will remain buoyant throughout the summer. Even so they expect buyer resistance to further increases.

• **Hardwoods Not Affected**—Meanwhile higher grades of lumber were little affected by the erratic movements of the lower grades. Cypress and hardwood remain scarce. And prices on the upper grades remained firm—at levels well above final OPA prices. Retail prices on kiln-dried oak flooring ranged from \$15 to \$200 per thousand b. ft. for victor grades.

At the opposite end of the scale prices on common (lowest) grades of pine were still below March-April levels.

SAFETY COMES HIGH

Increasing costs of airline safety are being underscored by recommendations of the special presidential Air Safety Board. Virtually every suggested change in existing safety requirements will boost already soaring airline costs.

Among the major recommendations:

- Installation of terrain-clearance indicators in all transport planes by Jan. 1, 1948. Three types of indicators are available; they cost from \$200 to \$500 installed, for each plane.

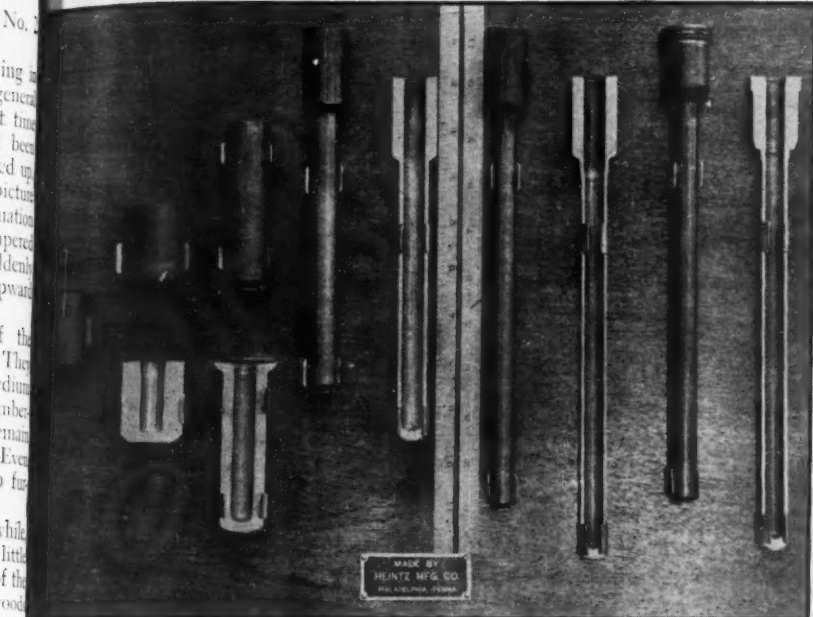
- Revision of transport safety requirements for calculating maximum takeoff weights. These will reduce gross load by from 3,000 lb. to 4,000 lb. (15 to 20 passengers). The payload cut will be even greater during the peak summer traffic season, because high temperatures cut aircraft performance on the critical takeoff run.

- Restrictions on four-engine transport operations on runways of 4,000 ft. or less. Only alternative to these restrictions is an extensive runway-lengthening program; about 15% of all runways now certified for four-engine operations are 4,000 ft. or less.

Other board recommendations now in the mill will call for addition of a third crewman, probably a flight engineer, to all four-engine transports. This third man is now carried only on overseas operations. More rigid fire-protection requirements are also in prospect.



LUMBER STACKS are high in some yards—but prices on lower grade pine are higher.



FIVE STEPS. Heintz, using a cold extrusion process based on German technique, transforms a small piece of bar stock (left) into a 10-in. finished product.

New Steel Forming Technique

Cold extrusion, German development, is being perfected by Heintz Mfg. Co. Cost savings seen when process is ready for commercial use. Firm holds unique place in metalworking field.

The Germans led the world in the development of synthetic rubber; but U.S. engineers built on this foundation a gigantic, complex industry. The same was true of coal chemicals: They were uncovered in the laboratories of Germany; the U. S. improved and expanded the German processes into new fields and vast new markets.

Cold Extrusion—The same pattern is now being followed in still another field. In the thirties, the Germans discovered a new technique for working steel—cold extrusion. This week, in a laboratory in North Philadelphia run by Heintz Mfg. Co., engineers are at work trying to perfect the process.

So far, the process is still experimental. But the day is not far off when it will be ready for commercial use. At that time, all industry will be informed of Heintz's work.

The progress it has made in cold extrusion alone would be enough to win Heintz an outstanding position in the metalworking industry. But it is simply another in a series of achievements that have been made by the 25-year-old metal-stamping and -fabricating firm.

Cloak and Dagger—One of its most dramatic chapters is still largely unrevealed: Heintz's "cloak and dagger" activities. Just before and during World War II, Heintz obtained from under

the German's noses two highly important developments:

(1) The plans for the famed Hispano 20-mm. aircraft and antiaircraft cannon. The U. S. at that time needed such a gun desperately.

(2) An early production model of the Nazi's versatile "Jerry can," the ingenious container for transporting liquids. Every soldier was familiar with the Jerry can; probably none knew we "appropriated" it from the Germans, who spent five years developing it.

Top Secret—Heintz's work on cold extrusion of steel began shortly after V-E Day. A Heintz engineer, serving on one of the Allied teams ferreting out German technical secrets, heard of the process. It had been under development since 1935, was considered by the German War Board one of its top secrets.

After months of investigation, the engineer reported: "The fact that the Germans were able to make cold steel flow by means of pressure in the same manner that we have extruded tin, lead, copper, brass, aluminum, etc., opens up vast possibilities for making many different end products at greatly reduced cost."

Cold extrusion, he found, was so accurate that it could often eliminate the need for machining a part. And machining is costly, time-consuming, and waste-

ful of metal. So, under government auspices, Heintz immediately began an intensive study of steel extrusion.

How It Works—As developed by the Germans, cold extrusion is done with mild, low-carbon steel. The material is formed by pressure of a punch in an open die; a shoulder on the punch forces the steel through the die opening.

The German's big discovery was a method of lubricating the steel so it would flow through the die. This was done by a variation of the well-known, widely used bonderizing process, which chemically transforms the surface of the steel into an insoluble phosphate of iron. As commercially used, this velvet-like surface affords excellent adhesion for paints, prevents the spread of rust where the paint is scratched through to the base metal.

The Germans found that phosphate-coated steel would hold the lubricant so that it formed a film between steel and die. Among lubricants used were rapeseed oil, tallow, fatty soap, and palm oil.

Lower Pressure—Pressures up to 230,000 lb. per sq. in. were used by the Germans in extruding such items as oleo struts for airplane shock absorbers, steel cartridge cases, pipe, wire. Heintz has succeeded in cutting required pressures to as low as 30,000 lb. per sq. in.

The company hopes to extend the applications—perhaps even so far as to make pistons for engines. As for accuracy, it has already turned out precision pieces accurate to .001 in.

Aluminum Brazing—Another recent Heintz development is a new means of brazing aluminum sheets together. It is in full-scale use in production of evaporators for Philco home freezers. Before Heintz stepped into the picture, only small aluminum pieces could be brazed successfully. Brazing 6 or 8 sq. ft. of surface area so the finished piece would withstand pressures of 500 lb. per sq. in. was another matter.

The evaporator Heintz makes consists of two flat pieces of metal, each containing a network of shallow channels. These pieces are brazed together to form the inner and outer walls of the evaporator. The refrigerating action is obtained by permitting a coolant to expand from a liquid to a gas inside these channels.

On one side of one aluminum sheet is a layer of aluminum alloy. This alloy has a slightly lower melting point than the rest of the sheet. The two sheets are placed together with the alloy face on the inner side. Trick then is to heat the assembly to the point where the alloy will melt and fuse, but not hot enough to melt the sheets themselves.

Problems—Three problems had to be solved:

(1) Aluminum reflects heat, making it difficult to achieve the desired tem-



DR. LUDWIG SCHUSTER (left), German scientist now at Heintz, exhibits German extrusions to Major Weber DeVore, manager of Heintz's marine and railroad division. The long tube on the desk was extruded from a small one, like DeVore holds, in a single operation.

perature for brazing in the shortest time
(2) Heating had to be uniform over the entire area.

(3) The sheets had to be kept under pressure and uniform contact during the fusing period to assure a tight, even bond.

Heintz technicians overcame these problems by transferring the heat to the sheets through a metal die. This took advantage of the high heat-conductivity of the aluminum, yet overcame its tendency to reflect heat.

But the metal die and the sheets expanded at different rates when heated. If die and sheet fit when cold, they wouldn't fit when hot. So the die had to be designed so it would just fit the sheets at the fusing temperature of the alloy—1,080F to 1,140F.

• **The Man Responsible**—The story of Heintz's growth to a position of high prestige in the metalworking field really began in 1932. That was the year William J. Meinel (cover) became president and general manager.

Before that time Heintz had served principally the automotive industry, making various stampings for Studebaker, Willys-Overland, and others. But this business was highly seasonal. So Meinel resolved to diversify.

But the company first had to be worked out of its shaky financial position—the result of such depression-fostered events as the failure of at least one of its big customers, Willys-Overland. Meinel did the job so adroitly that one interested bystander, Bethlehem Steel Co., was thoroughly impressed. One result: Charles Grace, son of Bethlehem's president, bought controlling interest in Heintz. That was in

1937. Grace is now vice-president and treasurer; his younger brother, Eugene, Jr., has also joined the firm.

• **War Preparation**—During a trip to England that same year, Meinel became convinced that war was inevitable. He immediately started studying ways that Heintz could fit into the war production program when and as it came.

One outstanding development of this period was Heintz's technique for making gun barrels from bar stock. This supplanted the traditional—and slower—forging method, reduced costs for rough machine-gun barrels to 25% of their former level.

• **Smugglers**—Heintz's "cloak and dagger" operations are still largely shrouded

in official secrecy. But it is known that company representatives were responsible for locating engineers of the Hispano-Suiza company right under the noses of Axis agents. They were brought to this country with the blueprints to their gun, helped put the weapon into speedy production. This saved the U.S. months of precious time.

The Jerrycan was made available to this country because of the friendship between Meinel and a German industrialist. It was spirited out of Germany underneath the chassis of an automobile. Not until that auto had been driven to India, shipped to this country, and placed under lock and key in a Philadelphia garage, was the Jerrycan removed from its hiding place. Again Meinel's work saved months in making this unique container available to the U.S. armed forces.

• **Broad Field**—The Heintz company's current operations cover a wide field of metal fabrication work. Its products include stainless steel beer barrels, one third the weight of wooden ones; stamped parts for various automobiles; cabs for diesel locomotives; jet propulsion components; washing machine and radio sections.

Its customers include such companies as General Motors; General Electric; Sears, Roebuck; Philco; Chrysler; International Harvester; Mack Truck. Employment now averages 2,000 against 900 in prewar days, 3,000 at the wartime peak. Sales are running close to \$20 million a year, four times the best prewar level.

• **Careful Expansion**—Expansion plans are now in the making. But Heintz, under Meinel, will grow only as fast as



CHARLES GRACE: He recognized Heintz Mfg. Co. as a good investment.

Two on a raft!



The order's in. And, with swift strokes, the waitress records an entire transaction.

In your own business, you can bring a similar "one-writing" simplicity to any accounting task by means of the almost unbelievably simple Comptometer Peg-Board Plan.

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Yes, this money-saving plan makes *original* postings yield *final* results! Gone forever is the costly routine of elaborate bookkeeping; gone the hide-and-seek of ceaseless filing and posting.

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Your Punched-Card Cost System was developed and proved at TAFT-PEIRCE

In 1896, an original thinker came to Taft-Peirce with the novel idea that the way to pull cost-accounting out of the hole was to punch holes in a lot of cards.

He had something. And so have *you*, today. His punched-card cost system first was used in the 1900 U. S. Census, and startled statisticians with its speed and efficiency. All of this equipment—punches, card-sorters, tabulating machines—was developed experimentally, tooled up, and built in the Taft-Peirce Contract Division. Then T-P took an experimental dose of its own medicine; installed the system in its own accounting department to simplify handling of its large and varied volume of special contract work. So Taft-Peirce became the first user of the system now standard throughout the world.

Today, the Contract Division handles a far larger and more varied volume of work than ever before. All types of products have been engineered, tooled, and produced by this highly flexible organization which can make a single part or model—or continuous carloads of complete mechanisms or machines. No job is too small; none too large, or too complex. For yourself, you can measure the scope of this service in 20 minutes, with a copy of the new Contract Service Book. Write to The Taft-Peirce Mfg. Co., Woonsocket, R. I.

VISIT TAFT-PEIRCE AT THE MACHINE TOOL SHOW—BOOTH 601



**For engineering, tooling, contract manufacturing
TAKE IT TO TAFT-PEIRCE**

long-established and successful engineering and employee-relations policies will permit.

To this end, Heintz is split into 11 divisions, each headed by a general manager with full autonomy.

"We want every one of our managers to know every one of his workers, and we want him to talk with his workers daily, if possible," says Meinel. "That's the way we get tough engineering problems solved at Heintz; that's the way we keep each worker impressed that he is a vital cog in our company. That policy pays dividends—to stockholders, and to employees in the form of profit-sharing bonuses."

STRINGS ON WAR PLANTS

Congress finessed consideration of a long-range program for an industrial reserve of standby plants in the last days of its session. A bill supported by most industrial groups will come up for further study next year.

But Congress did pass an interim bill aimed at keeping existing surplus plants



SO COOL

"We used a blanket every night." The vacationer's time-worn report has caused many a city swelterer to cringe, boosted his under-the-collar temperature. But, John Lefebvre who works in the hardening room of General Ice Cream Corp.'s Bridgeport plant gives a cold reception to even the most irritating saga. Lefebvre spends most of his time at temperatures as low as -20°F, wrapped, to ward that daytime chill, in an electrically heated blanket.



"How Do I Know What I Want?

The Globe Doesn't Get Here Till Two This Afternoon!"

Storming into a North Woods General Store, in Eskimo Run, New Brunswick, Mrs. S. puts all the blame on *The Boston Globe*—and she's right! Mrs. S. is where she is because she reads the advertising in *The Globe's* travel section. And she is in her present state of indecision because she reads—and relies on—*The Globe*. Like so many intelligent Bostonians she makes it a daily habit to read *The Globe*—editorial columns, special features and advertising—so now, she is lost without Boston's best read newspaper.

Because advertisers know that Mrs. S.—

and hundreds of thousands of responsive *Globe* readers like her—have the money to spend on luxury cruises and costly vacations, they placed more Hotel and Resort advertising in *The Boston Globe* during the first six months of 1947 than in any other New England newspaper.

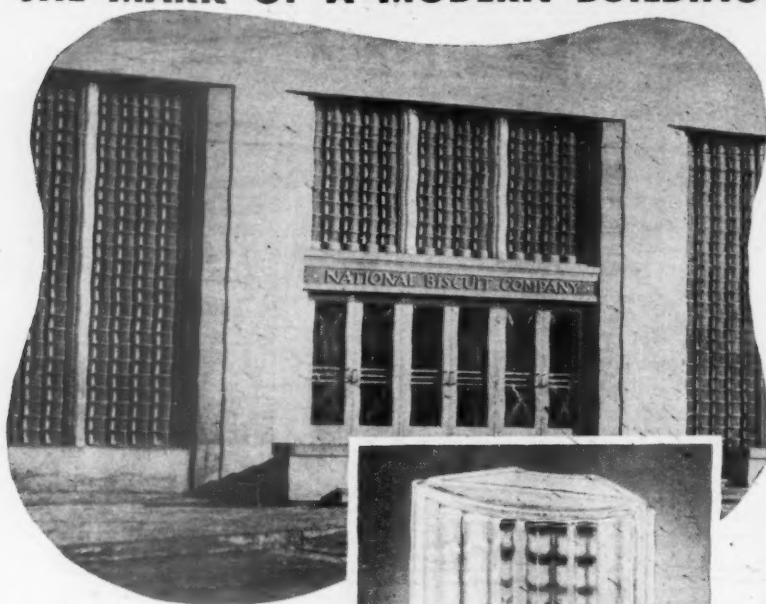
Obviously there's a lesson here for every advertiser with a product or service on sale in this fabulous, TWO-BILLION DOLLAR Greater Boston Market. Bostonians read and rely on *The Boston Globe*, are influenced by its editorial content, and have the wherewithal to make any advertiser happy.

The Boston Globe

MORNING • EVENING • SUNDAY

National Representatives: J. B. Woodward, Inc., New York, San Francisco, Los Angeles Osborn, Scolaro, Meeker & Co., Chicago, Detroit

THE MARK OF A MODERN BUILDING



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GLASS BLOCKS

PC Glass Blocks are widely used in modern buildings largely for one reason: they do so many things so well.

They add to the appearance of any structure. They transmit daylight generously into building interiors, and can even direct the daylight to where it is most needed.

Their excellent insulating properties mean greatly reduced heat loss through light areas, savings in heating and air-conditioning costs. They prevent infiltration of dust and dirt, deaden outside sound, clean easily. They can be readily combined with transparent glass sash construction. And they harmonize perfectly with any architectural style.

PC Glass Blocks are the mark of a modern building. We invite you to send the coupon for complete information on PC Glass Blocks. Pittsburgh Corning Corporation also makes PC Foamglas Insulation.

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Please send along my free copy of your new book on the use of PC Glass Blocks for Industrial Buildings. It is understood that I incur no obligation.
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FOR ADDITIONAL INFORMATION SEE OUR INSERTS IN SWEET'S CATALOGS

GLASS BLOCKS

Distributed by PITTSBURGH PLATE GLASS COMPANY
by W. P. Fuller & Co. on the Pacific Coast and
by Hobbs Glass Ltd. in Canada

and machinery from being dissipated through War Assets Administration sale. Much material which the armed services wanted to have in standby was being sold, in some cases as junk. The services lacked legal authority or funds to hang on to it.

Without setting up any formal industrial reserve, the present legislation authorizes the services to:

(1) Take over from RFC, DPC, WAA any plants or machinery which would be of use in the event of a future war.

(2) Rent out, on leases of five years or more, any plants or equipment which they have no present need. They get the Army out from under the burden of maintaining such facilities.

(3) Impose conditions on WAA disposal which will insure availability for future military use. To protect WAA the law specifies that, if disposal proves impossible under these conditions, the military must either modify the conditions or take the property back from WAA and dispose of it themselves.

Under the powers granted by the new legislation, the Army and Navy plan to put strings on some 77 industrial plants and about 92,000 machine tools.

BUYING POLICY UNSETTLED

Manufacturers who do business with the armed services would like to know what long-term procurement policy will be. Right now it appears that they won't know for months—possibly a year.

The reason: Congress went home without taking any action on legislation to spell out peacetime military procurement procedures. It will come up again when Congress reconvenes in January. Meanwhile, present procedures continue under war powers.

Merger of the armed services will have little immediate effect—except perhaps for sellers dealing with the forces. The merger law set up the arm as an independent body; armed procurement is now a matter for a force decision rather than, as former subject to the Under Secretary of War.

Over the long haul, the Secretary of Defense will continue—and may accelerate—the program of joint procurement of items common to the services. The program has been carried on by the Army & Navy Munitions Board.

Over the very long range, the new civilian National Security Resources Board, which reports directly to the President and is independent of the services, may have some influence on procurement policy. Principal role of this board is to plan for the civilian-WPB—side of organizing a war economy. It will set policy on such matters as stockpiling and relocation of plants

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Shake well before using!

That's right! *Shake* the car. It's the easiest way to empty it.

Ordinarily, unloading your hopper cars is quite a task. And an expensive one, too.

Material that has traveled many miles in hopper cars tends to settle down . . . to pack tightly. It takes a lot of time to loosen it. Often requires as many as six men to empty one car, always at risk to life and limb.

But the new time- and labor-saving way to unload cars is to *shake* them empty with a Robins Car Shakeout.

Just lower this portable Shakeout onto your car. Then press a button and the Shakeout does the rest. It loosens the packed or frozen material

. . . lets it flow freely and quickly through the hopper doors.

Fifty- or seventy-ton cars are emptied "broom-clean" in as little as 90 seconds. There is no damage to cars. The operator works in complete safety. Hours of labor are saved. Demurrage charges are practically eliminated!

Actual field operations by hundreds of users prove that this new method of unloading hopper cars is as much as twelve times faster than manual unloading.

Write Robins today for details.



A note on your company letterhead will bring you this new booklet about the Robins Car Shakeout. Tells how this new concept in car unloading saves time, manpower and money.

**ROBINS
CAR SHAKEOUT**

ROBINS CONVEYORS DIVISION, Hewitt-Robins Incorporated, Passaic, N. J.



Labor



likes to work here...and

Management



does, too!

Why is industry migrating to Santa Clara County? Is it labor—raw materials—location? Perhaps... but deep down, there's an even more basic reason!

Labor and management are human beings... and there's plenty of enjoyable living in Santa Clara County.

It's pleasant to work where summers are mild and winters are free from snow and sleet.

It's nice to own a home and have a lawn and garden with rose vines twining over the house. Or perhaps a small farm with chickens, fruit trees, even a cow!

In the past many people considered California as the place to live after their stake was made. Now, industry is producing in Santa Clara County (out-producing other sections, too) and enjoying life while making that stake.

Sure... Santa Clara County can top most areas in the basic needs of industry. But for the sheer enjoyment of living, here's an area that can't be approached.

WRITE FOR THIS FREE BOOK

"The New Pacific Coast" is a 36 page book about the West and Santa Clara County. It's worth owning. Free, too... but write on your business letterhead.



DEPT. W, SAN JOSE CHAMBER OF COMMERCE, SAN JOSE 23, CALIFORNIA



SANTA CLARA COUNTY

California

The population center of the Pacific Coast

Not Enough Fibers

There's plenty of manila hemp (for rope) but the supply of sisal and henequen (for twine) is far behind estimated demand.

The cordage fibers—manila hemp, sisal, and henequen—are on their own again. Manufacturers of wrapping twine, upholstery padding, reinforced paper, and plastics are back in the market after a war-long drought of hard-fiber supplies brought on by government end-use restrictions. Binder and baler twine, favored by allocation orders because they're needed for grain, hay, and straw production, are no longer under the government's protective umbrella.

While the outlook isn't completely clear, industry figures reveal that supplies for the next 12 months are about one-third lower than total estimated unrestricted demand. If these estimates are correct, there is little chance that prices—already two to four times what



BITING BACK

These capsules are bitter pills for citrus grove pests. Each one contains ten Australian lady-birds artificially raised at the Los Angeles County Insectary. No ladies in their table manners, the beetles like nothing better than to gorge themselves on a blue-plate of mealybugs—the cause of fruit drop and fungus. The capsules are distributed free to farmers, will be used to start beetle colonies in the groves.

Can you answer these questions about **HIGH BLOOD PRESSURE?**

Q. What is high blood pressure?

A. High blood pressure, or hypertension, is a condition in which the pressure of the blood against the walls of the arteries and their smaller branches shows a persisting and large increase above normal. A temporary rise in pressure, such as may

result from physical or emotional strain, is a perfectly normal reaction, and is **NOT** high blood pressure. However, if such rises occur frequently and are excessive, they may indicate a tendency toward hypertension in later years.

Q. What are the causes of hypertension?

A. Sometimes high blood pressure is associated with kidney ailments, local infections, or glandular disturbance, but the cause in most cases is unknown. It is known that hypertension occurs most fre-

quently among those who are *middle-aged or older*, those who have a *family history* of hypertension, and those who are *overweight*.

Q. How does hypertension affect your health?

A. Persistent high blood pressure makes your heart work harder and nearly always results in enlargement of the heart muscle. The arteries are usually affected, and there may be damage to kidneys,

eyes, the blood vessels of the brain, and other organs. Fortunately, if *discovered early*, hypertension can often be controlled.

Q. How can you tell if your blood pressure is too high?

A. You can't, for high blood pressure often has no symptoms. But if you have periodic physical examinations your physician will check your blood pressure regularly. His guidance can probably help

you keep your blood pressure down, or, if it should go above normal and stay there, he may be able to start corrective measures at once, before serious damage has been done.

Real hope for those with high blood pressure

Thanks to modern medical science, people with high blood pressure today can often avoid serious complications, and enjoy a long and happy life . . . especially if the condition is discovered in its early stages.

In many cases treatment such as diets, rest, elimination of infections, reduction of weight at least to normal, and special drugs may be necessary. Surgery has been used effectively in some instances, and psychotherapy has

proved helpful at times.

Medical science is constantly increasing its knowledge of high blood pressure. Aiding in this work is the Life Insurance Medical Research Fund, supported by 150 Life Insurance Companies, which makes grants for special research in diseases related to the heart.

To learn more about this subject, send for Metropolitan's free pamphlet, 87-S, "Blood Pressure—Everybody Has It."

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CHAIRMAN OF THE BOARD
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TO EMPLOYERS: Your employees will benefit from understanding these important facts about high blood pressure. Metropolitan will gladly send you enlarged copies of this advertisement—suitable for use on your bulletin boards.

TO VETERANS—IF YOU HAVE NATIONAL SERVICE LIFE INSURANCE—KEEP IT!



For hunting big game or hunting industrial sites... *it pays to have a guide*

IF you are hunting an industrial site, why handicap yourself by sleuthing around on your own, getting your information second-hand?

The Milwaukee Road's Industrial Development Department can serve businessmen in an expert and confidential capacity. Its function is to develop traffic by locating stable industries on the railroad.

To do this job it employs engineers and analysts who can give accurate, detailed information about markets, labor conditions, taxes, housing, raw materials, shipping and power facilities and other factors. They have

plats of hundreds of manufacturing districts and are familiar with opportunities throughout the twelve industrially expanding mid-western and northwestern states served by The Milwaukee Road.

The leaflet, "How to Find a Home for Your Business," is a helpful outline of the services we offer. For your copy, write J. C. Ellington, Industrial Commissioner, The Milwaukee Road, 302B Union Station, Chicago 6, Ill.



Black area shows
Milwaukee Road
States

THE MILWAUKEE ROAD

THE FRIENDLY RAILROAD OF THE FRIENDLY WEST

they were prewar—will ease in the near future.

• **Import Commodity**—Reason for this prospect is that the U. S. is wholly dependent on imports for its hard fibers. The Philippines and Central America are the major sources of abaca (manila hemp, used for rope). Mexico, Haiti, Central America, and Africa yield several varieties of agave (most important: sisal and henequen, used for twine).

One important producer of sisal, particularly of the grades desired for wrapping twine, is the Netherlands East Indies. But Java sisal, like Java rubber, has been smuggled out only in small quantities; until the political situation settles, the East Indies are written off as a source of material for U. S. twine makers.

• **Plenty of Manila**—Only fiber in good supply is abaca from the Philippines. Domestic rope manufacturers are getting enough manila hemp so that War Assets Administration on July 15 could sell for export 8½ million pounds of less-desirable sisal and henequen rope.

Incoming supplies of manila hemp, besides supporting U. S. rope production, will also be used by twine manufacturers to extend the short supply of sisal and henequen. But it can't go far in filling the estimated 200-million-pound gap between supply and demand.

Here's how the estimates balance up (figures in millions of pounds):

Demand	
Rope	125
Binder and baler twine	250
Wrapping twine	65
Reinforced paper	25
Upholstery padding	40
Plastics	10
Miscellaneous	10
Inventory replacement	75
Total	600
Supply	
Abaca:	
Philippines	144
Central America	40
Agave:	
Mexico	124
Portuguese Africa	44
Haiti	30
Miscellaneous	5
Total	387

• **Market Restricted**—Up until last October, RFC was the sole U. S. buyer of all cordage fibers. Imports were channeled to manufacturers under CPA allocations. But at that time RFC's contract with the Philippine government ended, at Philippine request. Price of abaca jumped from 16¢ a lb. under the government's contract to around 20¢ on the open market.

Even now, importers are able to buy only from the Philippines and Portuguese Africa. They could buy—if they could get the stuff—from British Africa, the biggest sisal-producing area in the

VESSEL

NEWS



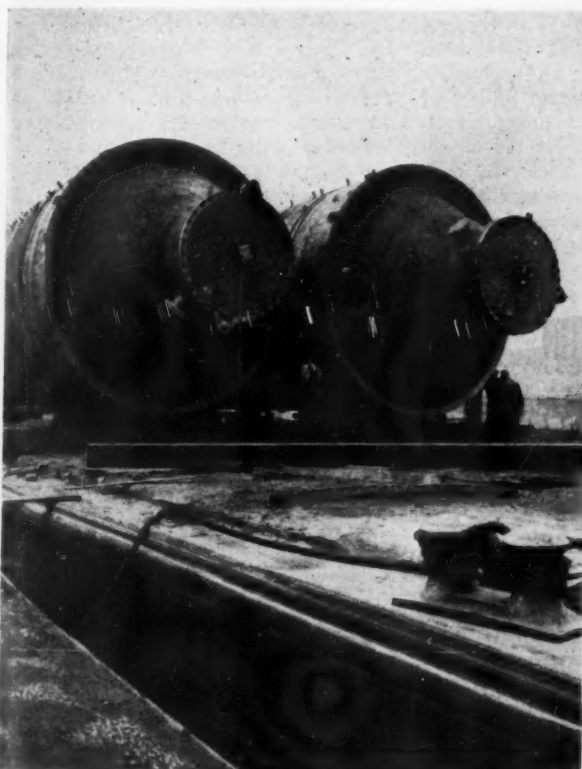
A. O. SMITH
Corporation

New York 17 • Philadelphia 8 • Pittsburgh 19 • Atlanta 3
Chicago 6 • Tulsa 2 • Seattle 1 • Los Angeles 14
International Division Milwaukee 7



NEW VESSEL DIVISION HEADQUARTERS. Paint is scarcely dry on new air-conditioned building (above, center) which puts administra-

tion, sales, engineering, drafting, production control, and inspection immediately adjacent to the A. O. Smith vessel shops, Milwaukee.



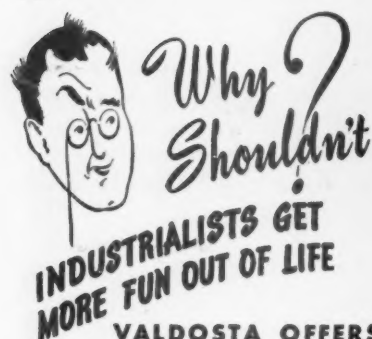
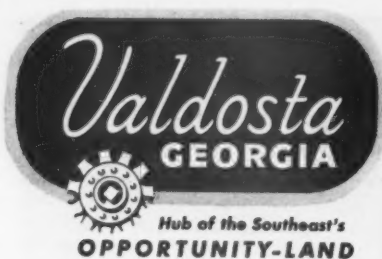
TOO BIG FOR THROUGH RAIL SHIPMENT, four 16'x 90' coke drums were moved to location on Lake Michigan's biggest barges, two vessels to a barge. To get the vessels from A. O. Smith shops to the Lake Shore dock, special arrangements had to be made on five miles of railway track.



THESE SULFUR CRACKS are dangerous in welded heavy sections. A. O. Smith metallurgists have figured out a way to avoid them by controlling the residual sulfur in welding wire.



ORCHIDS to the production-control crew, headed by a twenty-five-year A. O. Smith man, who were responsible for keeping to a schedule the simultaneous production of four large 16'x 90' alloy-lined coke drums, a feat few shops in the world could accomplish.



VALDOSTA OFFERS INDUSTRIAL PROFITS AND GRAND LIVING

YOU'RE probably working and worrying a lot and living only a little. Why not bring your industry to Valdosta which offers real industrial possibilities, plus the hearty pleasures of a region famous for good living and a climate renowned for health?

CHEMICAL industries based on naval stores and wood extractives; wood working industries and all related branches, food and tobacco processors, light metal industries, soap and paint makers and many others will find especial opportunities here.

CONSTRUCTION and maintenance costs are low, the year yields more work days, labor is plentiful, easily trained and cooperative, taxes are reasonable, and location and good transportation place you close to unlimited raw materials and markets.

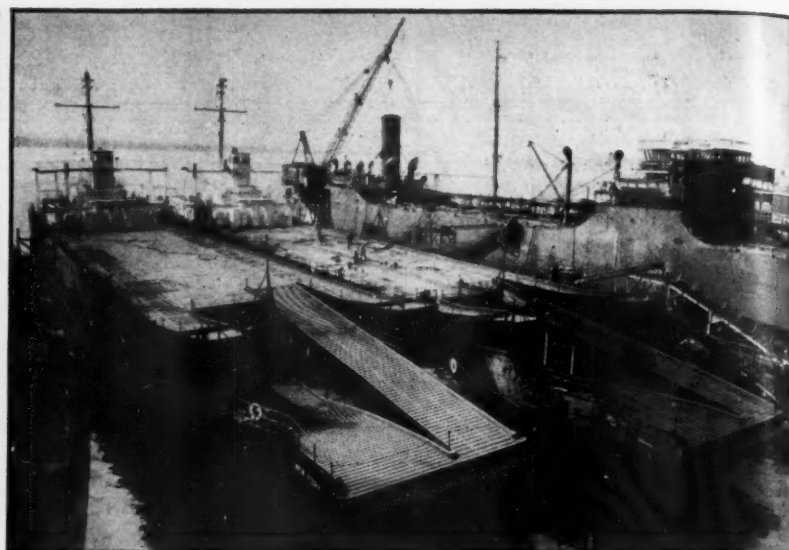
WHAT'S more ... it's FUN to live in Valdosta ... better for you, better for your family. Come—profit and enjoy life in Valdosta.

SOUND facts and figures will be supplied confidentially on request outlining your interests. Valdosta cooperates from the start.

Write today for your free copy of "A Factual Study of Valdosta & Lowndes County"

B. C. Smith, Secretary

Believers in Valdosta
Chamber of Commerce Bldg., Valdosta, Georgia



BOWS ALTERED for rapid loading, ungainly LST's ready to shove off on peacetime hauls.

world. But the British themselves take the entire output (330 million pounds a year) for allocation to Europe and Empire countries. Importers also are free to buy from the East Indies, but the chaotic political situation there blocks both production and trade.

For the next six months the government, through RFC, will continue to monopolize all other cordage sources under purchase contracts.

• **RFC Returns to Bids**—With the end of controls July 15, RFC now has to sell its cordage supplies to the highest bidder. However, to protect mills that have been getting fiber under allocations, RFC will sell under the allocation pattern for a few weeks. By mid-August it expects to swing over to competitive bids without disrupting production of needed binder and baler twines.

Long-term outlook for the hard fibers points to a balancing off of prices. But it seems unlikely that they will drop back to the prewar figures of 5¢ to 6¢ a lb. for agave and 10¢ to 12¢ for abaca. The price relationship between the two is likely to be maintained, but at a much higher level. Easing of the demand for manila hemp, however, could help to soften ultrahigh price demands of exporters of the other fibers.

• **Exporters Turn to Processing**—There's one long-term development, however, that isn't likely to subside. That is the drive by fiber-exporting countries to become twine and rope exporters instead. Mexico has already expanded its rope and twine mills; other countries would like to do likewise. Mexico at present is exporting manufactured cordage to France and other European countries to the limit of its productive capacity. When this demand tapers off, it will undoubtedly take steps to ship manufactured cordage to the U. S., too.

LST's in Mufti

Converted landing craft to haul trailers on Hudson from New York to Albany. Owners predict big savings to truckers.

Pacific veterans stationed at West Point will soon get a view of traffic on the Hudson River that should remind them of combat days. Next week Trailerships, Inc., New York, plans to inaugurate a new service on the historic waterway with two converted LST's (landing ship, tanks). They will carry truck trailers between New York and Albany.

Shipping trailers via the river is expected to save truckers money in time, pier expenses, gasoline costs, insurance, wear and tear on equipment, and driver wages. The two ex-combat vessels (renamed the Albany and New York), with crews of 20, will leave from opposite terminals the same day.

• **Special Equipment**—Truck trailers will be hauled aboard and parked by special tractors. They will be carried on two decks whose combined linear footage of 1,500 ft. will accommodate 50 30-ft. trailers. Charges will be \$1.35 per linear ft. of trailer. The company claims it can save an operator \$600 a year per large trailer.

Included in the savings is the chance for trailers to carry a full pay load. State highway restrictions prevent a 25-ton trailer from hauling more than 15 tons over the roads. On Trailerships the trucks can load to the limit without extra cost. A tractor unit of the trucker will deliver the trailer to the dock at one terminal; another tractor unit will pick it up at the end of the run. (Not

Products of INTERNATIONAL HARVESTER



TRUCKS—The most complete line built . . . 21 basic models that specialize into more than 1,000 different types of trucks.



FARM EQUIPMENT—Farm mechanization, including the new Farmall Cub tractor and implements for small farms. Farmall M illustrated.

What the International Harvester symbol means:

Products to save labor, increase production and provide better living.

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A company operated fairly in the interest of customers, employees and stockholders.

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INDUSTRIAL POWER—Crawler tractors, wheel tractors and engines of proved performance and operating economy.



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Tune in James Melton on "Harvest of Stars" every Sunday! NBC Network.

3 Ways to Profit with NEOPRENE

The Rubber made by Du Pont



DEVELOP A SUCCESSFUL NEW PRODUCT

Example: Automatic correction of minor mis-alignment between tool and work is made possible by this new tool-holder... designed to take advantage of neoprene's unique properties as a tough, resilient material. Here neoprene gives long life because it resists deterioration from constant flexing in contact with oils, greases and cutting compounds.

By combining skill and imagination with neoprene, engineers are developing many new products for home and industry.

IMPROVE A PRODUCT TO WIDEN MARKET



Example: New sales feature for a well-known marine motor is this water-pump impeller of tough, durable neoprene—which is not abraded or damaged by sand or silt in the cooling water. The neoprene impeller widens considerably the market for the motor.

Many alert manufacturers have made their markets wider, more diversified—and therefore more stable—by using neoprene products.



REDUCE MAINTENANCE COSTS

Example: High replacement costs of valves for handling corrosive and abrasive fluids are reduced when valves are lined with neoprene. Neoprene resists deterioration from most chemicals; withstands severe abrasion. Smooth, seamless neoprene lining assures unrestricted flow... bonds permanently to valve. Lining extended over flange eliminates the need for separate gaskets.

The properties of neoprene mean longer life per dollar—saving in replacement costs, maintenance labor and shut-down time. Most industrial rubber goods will give more service when made of neoprene.



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Write for your free subscription to *The Neoprene Notebook*. Full of interesting stories about new or unusual applications of neoprene, it may give you valuable ideas. E. I. du Pont de Nemours & Co. (Inc.), Rubber Chemicals Division X8, Wilmington 98, Delaware.

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- ★ High tensile strength, resilience, low permanent distortion.
- ★ Tough, durable, resists abrasion and cutting.
- ★ Superior resistance to sunlight, aging, ozone, heat.
- ★ Resistance to deterioration by oils, solvents, chemicals, acids.
- ★ Superior air-retention, low permeability to gases and fluids.
- ★ Special compositions are flame-retarding, static-conducting, flexible at low temperatures.

TOUGH, DURABLE NEOPRENE

The Rubber made by Du Pont



BETTER THINGS FOR BETTER LIVING
...THROUGH CHEMISTRY

the least to applaud the new service will be the motorists: It promises to remove many a lumbering behemoth from the Albany Post Road.)

• **Conversion**—Trailerships bought the surplus LST's for \$75,000 each. They were converted for peacetime use by Sun Shipbuilding & Drydock Co., Chester, Pa., for \$125,000 each. Major structural change was the removal of the let-down ramp in the bow. In its place was put an immovable bow with an incline leading to the upper deck (picture, page 32). Dock ramps dead ahead allow convenient maneuvering of trailers in loading and unloading.

In trial runs from Chester the vessels did better than 12 knots (a speed that would astonish Navy veterans who served aboard them). At this speed they could make the New York-Albany run in 10 to 11 hours.

• **No Sentiment**—Some may imagine that the service is the inspiration of Navy personnel who grew to love their LST's. But they are doomed to disappointment. The shallow-draft craft rolled and wallowed like pigs in a mud bath when they were on high seas; most men who served on them never want to see one again.

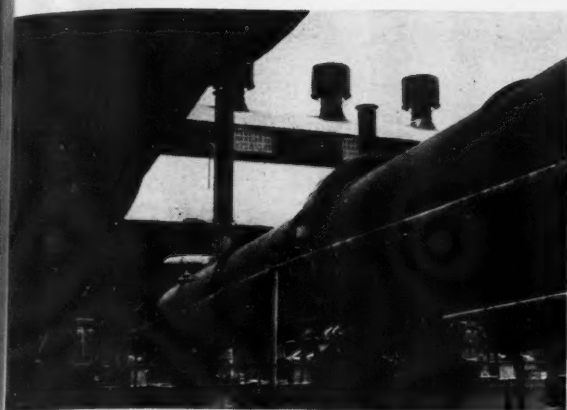
Trailerships was formed by shipping men and engineers who saw a chance for an economical service in the conversions. Chairman of the board is H. F. Alexander, of the engineering firm of Complete Combustion Co. P. A. Rowley is president; J. H. Dick Macy and C. K. Crosby are both vice-presidents and treasurers. The latter, who was once manager of the late, romantic Hudson River Night Line, is operating executive for Trailerships.

• **Similar Service**—Alexander has a similar service between Los Angeles and San Francisco in the blueprint stage. Since this is a deep-sea run, sturdier and more expensive ships are needed.

Trailerships is an extension of the idea pioneered by Seatrains service. This company's ships carry railroad cars between New York and New Orleans. With its direct ship-shore rail connection, it saves on the heavy dockside costs which accompany the loading and unloading of cars.

• **Other Peacetime Conversions**—Similar peacetime jobs have been found for other combat landing craft. The Buccaneer Lines, Inc., Jacksonville, Fla., has announced that it will run converted LCI's in a banana and general cargo business from Florida ports to the West Indies and Central America. The Gay Head (nee LSM—landing ship, medium—286) ferries passengers and cars in a New Bedford-Nantucket-Martha's Vineyard run.

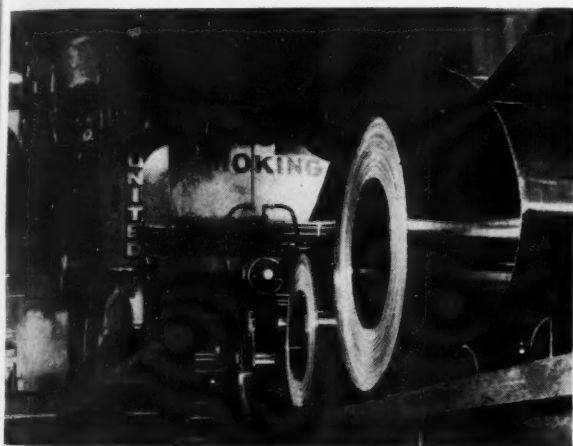
Other landing craft also are promised careers in foreign parts. Executives of the American-South African Line say they'll use such vessels to bridge an im-



2. It isn't alumina yet—but this view in the Baton Rouge plant shows the final step in processing. These giant rotary kilns operate at 1800 degrees F., and cook the alumina hydrate into snow-white alumina powder. This alumina is then loaded into box cars and goes by rail to Permanente Metals' reduction plants at Spokane and Tacoma, Washington, where it is converted into basic aluminum.



3. Spokane, Washington, is the home of the reduction plant of The Permanente Metals Corporation, where alumina is made into basic aluminum. Another reduction plant, at Tacoma, increases the supply needed to keep the Spokane rolling mill operating at capacity. Reduction process requires tremendous power. Metal is cast into pure aluminum pigs, then sent to rolling mills for remelting and alloying.



4. The rolling mill at Spokane is capable of producing more than 288 million pounds of aluminum yearly. Two-ton ingots of alloyed aluminum are hot-rolled into long strips. Cut into sheets, the metal is cold-rolled to proper specifications (above). Careful handling and constant testing assure outstanding quality. This plant comprises 53 acres. Plate, sheet and strip are loaded directly into cars for shipping.



5. Here's why Kaiser Aluminum is in demand: Permanente Metals' representatives really give service. Delivery promises are kept. Quality exceeds specifications. Top technical brains are always at your service, may cut your costs through sound advice. Though Permanente Metals itself is but one year old, its administrators, engineers and operators have had years of experience in the aluminum industry.

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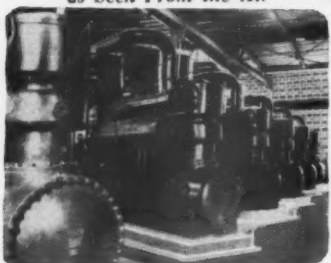
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Six of the Nine Big Frick 4-Cyl.
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Refrigeration

Seabrook Farms—Deerfield Packing Corp. are breaking all records for quick-freezing foods at their gigantic plant near Bridgeton, N. J. They are processing as much as a million pounds of vegetables and fruits a day, 85% of which are promptly frozen.

Their precooling, quick-freezing and cold storage operations are all handled with Frick Refrigeration. Storage capacity is over 50 million pounds. Twelve big Frick ammonia compressors, driven by motors totalling 3825 horsepower, carry the cooling load with dependability.



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portant gap—the lack of small freight craft to gather cargoes for big freighters which can't navigate shallow bays and rivers. The company will start with several small (100 ft.) LCT's as feeders for its big ships on the West African coast.

Californian Trundles Out Three-Wheel Car Again

Plans for new automobiles are almost as endless as the aces up the late W. C. Fields' sleeve. Back in the swim this week after 20 months of silence was Gary Davis, California automobile salesman-inventor. Davis made news in the fall of 1945 with plans for a three-wheeled, lightweight car (BW—Oct. '45, p. 52). But it never got past the prototype stage.

This time Davis thinks he is a little better prepared. In the files of his Beverly Hills office he now has complete sheafs of tooling designs, performance specifications, plant layouts, assembly line plans. When he made his first splash in 1945, he had none.

• **Double or Nothing**—For this \$35,000 worth of engineering, Davis is indebted to the risk-taking ideas of some 15 engineers, tool men, mockup men, and other southern California specialists. They did all the work after hours on a double-or-nothing basis: If the car succeeds, they collect.

The projected, 60-hp., tubular-steel-and-aluminum car has also undergone some changes on the drawing board. It still has only three wheels, but it now has a longer wheel base (108 in. vs. 101½ in.), a convertible hard top. However, Davis is still hanging on to his projected \$1,000 price (delivered in Los Angeles).

Davis' idea is to subcontract all of his subassemblies. His company will do only the final assembly job. He believes California has enough skilled labor, small factories to make all the parts except the engines.

• **Money Raising**—To swing into an initial production of 50 cars a day, Davis needs to raise \$3 million. (He estimates that total tooling costs for the simplified car will be only \$150,000. Hence the relatively small amount required.) Unveiling of his first prototype attracted 30,000 inquiries. That encouraged, he plans to show off his new car in every major city in the nation. From interested people Davis then expects to select 48 distributors and several hundred dealers.

With a huge potential market among people who want a full-sized car at a price they can afford, Davis feels he can't miss. There's only one hitch: Observers guess that at best the car cannot be in production in less than 18 months.



Eaton 2-Speed Axles provide proper gear ratio for every type of road, load, and service.

In the Miracle of Modern Communications Eaton Plays an Important Part

The greatest compliment that can be paid the nation's communications systems is the fact that people *expect* these services to be perfect. Disasters may level poles, tangle wires, and disrupt delicate equipment, but telephone, telegraph, and radio systems are expected to function with little or no interruption.

An important contribution to this almost unbelievable efficiency and recuperative ability is being made by the thousands of units of mobile equipment which help to maintain and extend these services. The various Eaton Divisions have been privileged to work with practically every manufacturer of motor vehicles and construction

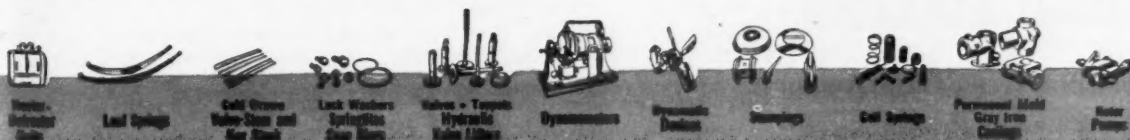
equipment in supplying two-speed truck axles, springs, heaters, engine valves, tappets, hydraulic valve lifters, and other vital parts. Eaton research is constantly engaged with the problem of making this mobile equipment even more efficient and dependable.

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PRODUCTION

New Oil Well Pump Cuts Costs

Development by Kobe, Inc., does away with derricks saves 25% to 30% in costs. Instead of being suspended from rods, new pump is sent to well bottom, returned by oil pressure.

To the general public, towering forests of derricks, with their nodding, horse-head pumps, are the trademark of the working oil field. But in the not too distant future, that trademark may go the way of the wood-burning locomotive.

• **No Superstructure**—Kobe, Inc., Huntington Park, Calif., a western affiliate of Dresser Industries, has a new type of submerged oil pump. Recently unveiled in the Dominguez field of Los Angeles, the pump requires no elaborate superstructure. Valves and piping can be located in a shallow pit, covered with a grill.

According to Kobe engineers, the new pump has advantages other than the esthetic one of removing ugly derricks from the oil field (BW—Apr. 13 '46, p. 31). They say the device saves money in pumping costs—as much as 25% to 30%. That means that it may become economically feasible to continue pumping low-yield wells. (Such wells are often abandoned now because pumping by conventional methods costs more money than the oil produced returns.)

• **Free vs. Fixed**—Clarence J. Coberly, president of Kobe and promoter of hydraulic pumping in the oil industry, calls the new device a "free" pump. Both "fixed" (conventional) pumps, and the "free" pump function at the point where oil is found, which is usually many thousands of feet below the surface. But the fixed pump is suspended from a string of heavy metal rods as long as the well is deep.

The free pump is suspended from nothing. It is literally free. It can be sent down the well tubing to the oil-bearing sands and returned to the surface at will.

• **How It Works**—In its simplest form, the pumping system involves a pair of parallel tubes within the well casing. The tubes are joined at the bottom to form a "U." Both legs of the U-tube are filled with crude oil from stock. The pump is incased, with its engine, in a finely machined cylinder about 2 in. in diameter and 10 ft. long. It is inserted into one leg, known as the power tube, and forced to the bottom by stock oil under heavy pressure.

When the pump seats itself at the



KOBE'S OIL PUMP: Pressure shoots it down and shoots it up again.

base of the U, the pressure of oil starts it working, as in the conventional hydraulic pump. Production oil from the well is sucked through an opening in the pump and forced upward through the other leg of the U and thence on through pipes into the tanks for storage.

To bring the pump to ground-level, a workman operates a valve at the surface. The reversed flow of pressure oil forces the pump upward from its seat in the power tube.

With conventional pumping, stationary or portable derricks are indispensable. They provide the elevation that is necessary for pulling out and reinserting the pump at the end of the hanging rods—which are made in lengths of about 60 ft.

• **Economy**—Here's why Kobe engineers say that the pump is economical to operate:

All pumps break down—either because of mechanical failure or because

ost
rick
from
ssure



An interpretation by the California artist Jim Forman

GODMOTHER TO A MILLION CINDERELLAS

Tantalizing—the idea beckons. Find sketchpads, models, cloth—traps to ensnare the designer's dream. Shape it to fit stubby waists, round tummies...to withstand the stress of sandpiles and washing machines. Create a dress for all the little girls in the land.

The birth of a business—any business—is difficult. What determines success...or failure? Can it be foretold at the start?

The men of Bank of America know that experience, determination, talent have a great deal to do with success. Certainly, Jean Durain had little else to offer when, in 1942, she came to the bank's Santee-Textile branch in Los Angeles for a loan.

Bank of America executives sensed in this energetic young challenger to the competitive "needle trades" a rare combination of abilities. Jean Durain wanted to design and manufacture clothes that would not only please practical parents, but would also delight the little girls who wore

them. Bank of America made the loan—and gave Jean Durain her opportunity. Financially strengthened, she went to work. She measured thousands of children, trained assistants, designed cloth, pondered over styles and sizes, patterns and production.

Her painstaking methods got results. Today, four years after that first loan, she is building her third California factory—and completing plans to manufacture Jean Durain originals in every part of the world.

CREDIT WITH VISION to see the opportunity in our land of private enterprise—that is the continuing aim of this great California-wide banking system.

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Bank of America, a member of the Federal Reserve System and Federal Deposit Insurance Corporation, has main offices in the two Reserve cities of California—San Francisco and Los Angeles. London, England Branch: 12 Nicholas Lane, London, E. C. 4. Manila office: 139 Juan Luna, Manila, Republic of the Philippines. Blue and gold Bank of America Travelers Cheques are available through authorized banks and agencies everywhere.

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If you need wire that must meet critical standards of dielectric strength and mechanical properties, you'll be in good company using plastic.

Take the case of a manufacturer of hearing aids, for example. The lead to the earpiece must be as inconspicuous as possible, yet the delicate functioning of the entire apparatus is dependent on that wire. The manufacturer now uses a product of Plastic Wire and Cable Corporation, world's leading exclusive manufacturer of plastic-insulated wire and cable.

The development experience and manufacturing skill of our progressive engineers turn out hearing aid wire that's as accurately made as a fine watch. Like all PWC wire and cable, it's unexcelled in resistance to wear, perspiration and the whole list of hazards to insulation.

Chances are you have a precision molded plastic cord set — identified by the letters PWC on the plug — on a new radio, lamp or other electric appliance. Note the brilliant, permanent color and lasting high-gloss finish. See how a swish of a damp cloth keeps it clean. Non-fraying, non-rotting, non-cracking, it will serve you far better and longer than any old-fashioned cord.

For consultation on your wire or cable needs, whatever their nature, or full technical data on plastic insulation, write Plastic Wire and Cable Corporation, 401 East Main Street, Jewett City, Connecticut.

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the pump is fouled with sand or debris. When a breakdown occurs, the pump has to be pulled and replaced with one that works. With conventional pumps, that pyramids costs. Pulling a fixed pump from a 5,000-ft. well takes four men eight hours, and the well is out of production for that time.

With the free pump, a 5,000-foot well is idle only about 95 min., and pulling it is a part-time operation for one man. The pumper throws a valve and moves on to some other task while waiting for the pump to be forced up to him. When the pump reaches the surface, he returns to the well, retrieves the faulty pump with a light tackle hung from a collapsible mast. Then he swings a fresh one into place and throws the valve again, sending the new pump to the bottom.

• **Concealment**—The company sees still another advantage in its product. Underground operation would conceal oil fields from enemy aircraft.

The free pump has been in the development process for eight years. Kobe completed and tested some 50 installations around the country before making it public. The pump is competitive in price with conventional equipment made by Kobe and others. Existing hydraulic systems are readily adapted to its use.

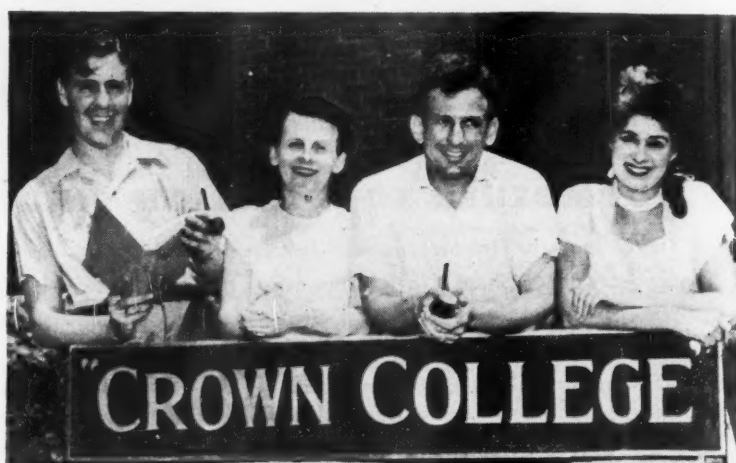
Potential Markets in Corn Storage Needs

The Agriculture Dept. last week pointed out a ready-made market for manufacturers of ducting materials, fans, motors, heating units, lumber, nails, snow fencing, building papers and ventilators.

It all revolves around the problem of "soft" corn (corn put in late, that does not have time to mature before frost). It must be fed to livestock to keep it from spoiling (BW—Jul.12'47,p38).

• **Research Program**—Agriculture appropriations for 1948 earmarked funds for combined federal, state, and private research into problems of storing and curing soft corn. One big need is portable drying equipment suitable for farm use. The recent Corn Conditioning Conference in Chicago focused public attention on this problem. It emphasized that forced air ventilation, with or without heat, may be required to insure safe storage. But it pointed out that limited supplies of equipment are handicapping the farmer.

To utilize ventilation techniques, farmers would have to install ducts and fit them with fan and electric motors. Heating units might be required to



Proving That There Is a Lot in a Name

Call a mill a college and it looks twice as good to its employees. That, at least, has been the experience of Crown Manufacturing Co.—Shakespeare notwithstanding.

The idea began as a way to attract workers to the Pawtucket (R. I.) textile mill. The plant looks like a college anyway; employees used to call it that. The company went them one better. The grounds became the campus; employees students; the

management faculty; the president the dean. There is a baseball diamond, a college paper, club rooms—even a football team. And the sign out front reads "Crown College."

Result: a long list of coast-to-coast applicants for admission. This means a choice of personnel, high "college spirit," low absenteeism.

It's not all a gag. Along with the work, the company provides good textile courses.

warm the circulated air. Lumber and accessories would be needed to build ventilators. Building papers could be used to inclose door and window openings.

• **Laying Plans**—This week Agriculture Dept. officials moved to get their research program in motion. Agricultural engineers from government and industry met at Purdue University, Lafayette, Ind., to work up preliminary plans for carrying out the program. E. A. Meyer, administrator of the research program, said he felt that the agricultural engineers still have time to "test and develop corn-drying equipment which manufacturers can turn out in time for farmers to use in drying their corn during the winter months."

PAPERWORK FARMED OUT

A small manufacturer who wants to set up a production-control system in his plant faces a big investment in machinery, staff, space. But without going to great expense he can now take advantage of proven business-control systems that govern inventory, purchasing, scheduling, and assembly. General Business Service Corp., 350 Fifth Ave., New York City, handles such work on a farmed-out basis.

The G.B.S. system is simple. From the manufacturer, it culls confidential information on present status of stock parts for each product, ideal stock quantity, quantity on order, and similar data. G.B.S. then sets up a control system. It furnishes all the weekly production paperwork, filled out and ready for immediate use in the plant. This includes: purchasing requisitions, receiving reports, raw material requisitions, manufacturing orders, subassembly requisitions and manufacturing orders, and assembly requisitions and manufacturing orders.

Also supplied regularly if desired are a status-of-inventory report, and an analysis of inventory. This furnishes top management with "high-spots" of the inventory situation.

The service maintains liaison with the plant in order to obtain the necessary data.

TABLETS IN A VACUUM

F. J. Stokes Machine Co., Philadelphia 20, has added a new idea to an already old and well-established industrial process of tablet pressing—the use of vacuum.

Pharmaceuticals, electrical porcelains, chemicals, sintered carbides, even vitamins are often handled industrially in tablet form. But conventional tablet manufacture is done under normal atmospheric conditions, using a press and die. A new Stokes machine has a vacuum chamber surrounding the

Everybody agrees COSTS MUST COME DOWN



ONE important place to start reducing costs is with the machine where goods are made:

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Operating with less friction, less wear than other types, the ball bearing is a "natural" for the higher speeds, greater rigidity and improved quality of product demanded by today's exacting production standards.

Thus, an investment in machines of modern ball bearing design is an investment in faster production—*lower costs*.

New Departure's technical literature is most helpful. Tell us your needs!

87% of machine tool builders to exhibit in Chicago use New Departure ball bearings.



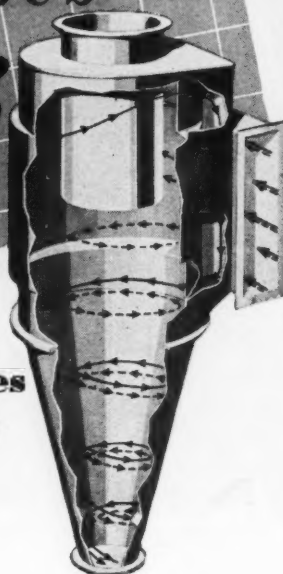
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- ★ Most Work per Dollar in Overall Costs
- ★ Next to No Maintenance
- ★ Next to No "Wear Out"



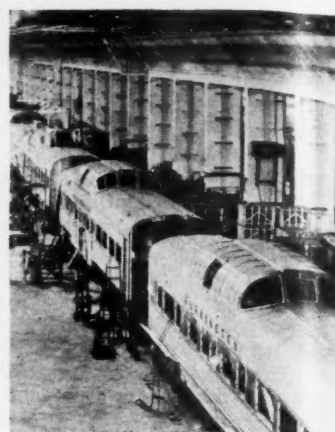
Ten years and more of Buell van Tongeren Cyclone performance in dust control and recovery, in a wide spread of American industries, lays indisputable evidence on the line.

The principle of the cyclone is essentially simple. But it remained for the van Tongeren patent to add real operating efficiencies in handling dust particles of micron-size fineness. Here for all to see is the unique Buell cyclone... with practical operating efficiencies a matter of Industry record.

To every engineer and businessman currently devoting time and thought to a particular problem of dust control or recovery, we offer the Buell fund of practical information. A most useful engineering perspective will be opened up by a study of our new book "Engineered Efficiency in Dust Recovery". A copy is yours for the asking. Write: Buell Engineering Co., 60 Wall Tower, New York 5, N. Y.

buell

Engineered Efficiency in **DUST RECOVERY**



BUDD DELIVERS

The observation coach with the glass "bubble" has moved out of the demonstration class and into regular service. Budd Co. last week delivered to Burlington Lines two—first of an order of 40—for the St. Paul-Chicago run.

Burlington calls its de luxe, three-level cars "Vista-Domes." They follow the general pattern of its earlier experimental car and General Motors' Astradome (BW-Jul. 28 '45, p. 55).

Most striking feature is the three-layer observation window formed to contour by Pittsburgh Plate Glass Co. The outer layer is infrared-proof glass; the intermediate, clear plastic; the inner, laminated safety glass. This gives the passenger "winter sunlight"—without sunburn. Excess cooling capacity counteracts the radiant heat.

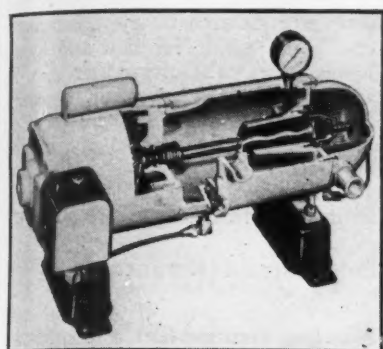
die table, punches, and feeding device. It uses standard punches and dies.

Stokes claims important advantages for the new technique:

- Elimination of entrapped air speeds up press operation, reduces chances of lamination and soft edges;
- Material feeds more quickly;
- Thicker tablets can be produced with a given depth of fill;
- Savings in materials costs can be made by cutting quantity of the binder, and because vacuum pressing does not require a high degree of uniformity in granulation;
- There is less dispersion of dust, hence less wear on machine parts.

In one installation (ceramic powder) vacuum pressing quadrupled speed, produced better tablets. Stokes is conducting further tests on metal powders, carbon mixes, ceramic tile with the process.

NEW PRODUCTS



Lightweight Pump

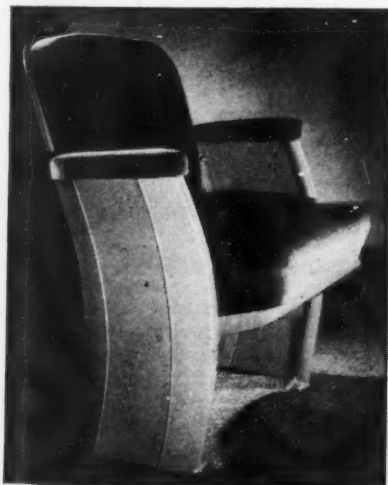
A new shallow-well pump developed by Robbins & Myers, Inc., Springfield, Ohio, has both motor and pump contained in a single cast-aluminum housing weighing only 45 lb. The machine operates on a 1/4-hp. motor, has a capacity of 400 gal. per hr. at 20 lb. pressure, a maximum suction lift of 25 ft.

The only moving part in the pump is a steel rotor which revolves within a rubber cushion, creates positive suction and pressure. This principle has long been applied in Moyno industrial pumps, is said to stand up even under the strain of pumping sand or silt. Water lubricates the rotor, provides virtually frictionless operation. There are no gears or belts; parts are non-corrosive and rust-resistant. The pump is self-priming, has an automatic cut-out that checks overheating.

Availability: immediate delivery.

Soft Seat

Encore, a new theater seat, is designed to harmonize with modern interiors, increase the comfort of movie patrons. The steel seat comes in a va-



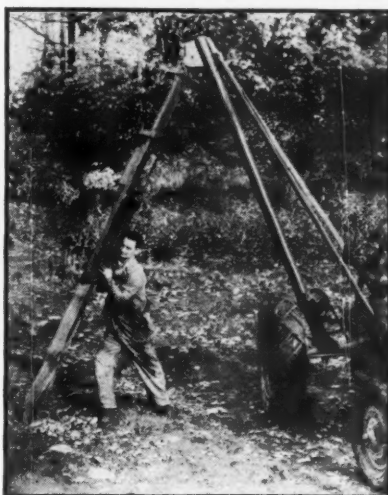
riety of finishes, with or without a self-raising mechanism.

The back is designed to provide full support, curves to blend with the seat base. Hinge bearings are set in a friction board, insure quiet operation without the need for oiling. To protect clothes from grease or dirt, springs and working parts are fully inclosed. Cushion covers slip off easily for replacement. The manufacturer is Heywood-Wakefield Co., Menominee, Mich.

Availability: deliveries in October.

Fence Maker

A power takeoff on tractor or truck drives the Northwest Polesetter, a ma-



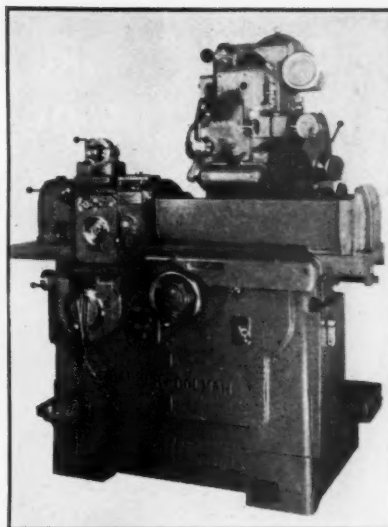
chine which will set up to 200 fence posts a day. The device has a 260-lb. hammer, operates with a pile-driving action. The maker, Northwest Tube & Metal Fabricators, 2658 Tetino St., Portland, Ore., also has a self-powered unit which can be operated from truck beds.

Availability: immediate delivery.

Hob Sharpener

A new automatic hob sharpener for sharpening steel or carbide-tipped cutting tools has been announced by Barber-Colman Co., Rockford, Ill. Called model 6-5, the machine handles a wide variety of work sizes, and it is assembled of self-contained units to facilitate servicing.

The accuracy of the settings and the precise operation of the machine are said to minimize regrinding for corrections. Push-buttons regulate starting and stopping. Hydraulic table stroke can be varied from 3 in. to 8 in., operates at from 5 to 20 cycles per min.



Additional advantages claimed are interchangeable grinding wheels for high-speed or carbide-tipped hobs, adjustable grinding wheel speeds, sensitive quill feed for precision alignment.

Availability: deliveries in December.

Press Feeder

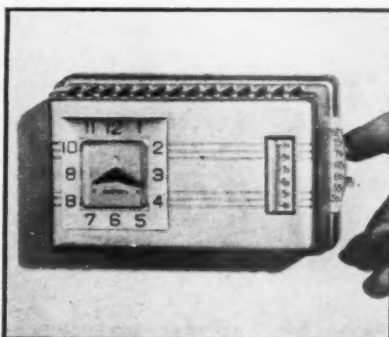
A new, low-cost, automatic, friction-roll feed can be used with any standard punch press. The machine handles metal, wood, plastic, or cardboard, is made by Benchmaster Mfg. Co., 2952 W. Pico Blvd., Los Angeles 6.

Friction drive may be geared to give up to 3-in. adjustments in feed. The machine takes stock as wide as 3 in., has a spring-loaded housing that adjusts for differences in material thicknesses up to 1/8 in. Rollers are easily reversed; two-bolt installation is said to permit rapid changing of the feeder from the front to the side of the press.

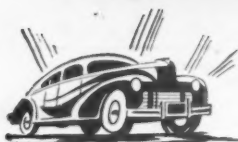
Availability: delivery in three weeks.

Fuel Saver

Fuel savings of from 10% to 30% are claimed when Chronotherm, a newly improved clock thermostat, is installed. The instrument has a bimetallic element that provides a slow, regulated heat pickup at the time chosen for tempera-



THERE'S A BRUSH IN THE LIFE OF EVERY BEAUTIFUL BODY



The top and sides of today's sleek new automobile bodies have all the appearance of being made of a single piece of metal.

In reality, they are separate pieces welded together for strength. With this welding operation, a metal cleaning problem is created. Every seam has a rough scale which must be removed completely.

Here is a typical auto production job where speed and perfection are demanded. And both are obtained by cleaning with a power driven Osborn Disc-Center wire wheel brush. Scale is removed in a jiffy and the surface prepared for a coating of solder to produce a smooth joint which, when painted, is invisible to the eye.

Removal of excess material, cleaning, finishing, roughing—Osborn brushes have won their spurs as time-saving, cost-cutting production tools on all these basic jobs. There's a type and size for every operation. And the man to show you how to apply these brushes for maximum benefits is the Osborn Sales Engineer. His experience is yours for the asking. Write or call today.

THE OSBORN MANUFACTURING COMPANY

5401 Hamilton Avenue

Cleveland, Ohio



WORLD'S LARGEST MANUFACTURER OF BRUSHES FOR INDUSTRY

ture increase. A series of short burner operations replaces the old continuous heating action that often overshoot the temperature setting, thus wasting heat.

Time settings are possible in quarter-hour intervals. Separate levers, externally controlled, adjust for day and night temperatures. The thermostat can be reset quickly when power failure occurs. Minneapolis-Honeywell Regulator Co., Minneapolis 8, Minn., is the manufacturer.

Availability: immediate delivery in limited quantities.

Engineered Nutcracker

Favorite weapons of the nut-eater have long been the heel, a hammer, or pincers. But Potterware Co., 85 Academy St., Newark 2, N. J., is making an "engineered" weapon that shells nuts with a flick of the wrist.

The device, which is made of die-cast



aluminum alloy, resembles a small bowl, scalloped into small divisions along the interior circumference. Fitted eccentrically into the bowl is a four-sided post or spindle. This spindle rotates like a shaft, but is eccentric on its base.

The nut to be shelled is dropped into the bowl, where it falls into the space which fits its size. A turn of the spindle causes the square sided post to apply a heavy squeeze on the shell, cracking it without crushing the nutmeat.

Availability: immediate delivery.

Automatic Newsboy

An all-weather newspaper vending machine that handles either daily or Sunday editions is being produced by Auto Newsy, Inc., Renton, Wash. The machine automatically adjusts for thickness, will sell papers or magazines from 6 to 250 pages thick.

Availability: delivery in 60 days.



"Business-Wise TWA sold me on Flying"

"Wise to the ways of the
businessman, TWA has won
my business, for keeps..."



"As one of your cheerful, com-
petent crew people pointed out,
round-the-clock schedules in
all important TWA cities in-
clude convenient flights that
arrive right before and leave
right after each business day.



"But probably the best feature
of all is my new-found freedom
to be with my family. Hours
once spent on the road are now
spent right in my own home —
and the Mrs. calls TWA the
answer to a businesswife's
prayer..."



"As for your complimentary
meals, I never tasted better in
the best hotels! And you
should certainly be compli-
mented for controlling their
quality by pre-cooking and
quick-freezing them in your
own kitchens.

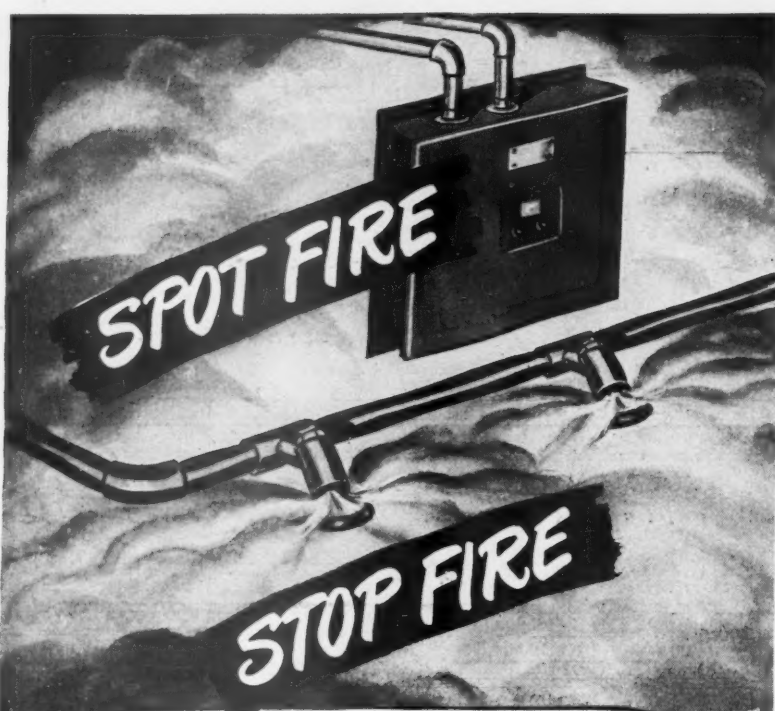


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right. TWA does appeal to
business travelers — serving
the areas that teem with busi-
ness — on schedules that fit
business routines. No wonder
I'm sold on TWA — The Busi-
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All TWA passenger flights also carry mail and cargo.



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Two or more spaces may be protected with one C-O-Two system; a directional valve releases clouds of carbon dioxide gas into the threatened area. Doors, windows and ventilators may be closed and machinery cut off by pressure-operated releases operated by the system.

C-O-Two is safe, clean, modern fire protection; it is non-conducting, non-damaging, non-freezing. Safe to use on electrical equipment and flammable liquid fires. Harmless to metals, motors, wiring, finishes, paper and textiles.

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Sales and Service in the Principal Cities of U. S. and Canada
AFFILIATED WITH PYRENE MANUFACTURING COMPANY

READERS REPORT:

Employees as Directors

Sirs:

It would seem from all the fuss and furor about your excellent analysis of the Taft-Hartley bill [BW-Jun. 28 '47, p15] that many people still expect legislation to clear up all industrial strife.

Don't they remember how the "drys" expected the Volstead act and the 18th Amendment to cure the nation's moral ills?

Labor and capital . . . have got to know, respect, and like each other. The "getting acquainted" phase is the important thing. . . .

Many large corporations . . . possess a large segment of stockholders who are also employees. . . . These people are much closer to problems of production and industrial relations than are the directors.

It is my suggestion that corporations should include in their lists of nominees for directorates a representative of their stockholding employees. . . .

Richard F. Blough

Johnstown, Pa.

Debt and Prices

Sirs:

It is popularly understood that, to support our public debt and government, we must operate at a high level of activity. There is, I believe, confused thinking, at the same time, that such high levels must be obtained by greatly reduced price indexes. It appears to me that over short periods of time, such as in World Wars I and II, the existence of a great increment of debt forces a positive and determinable increase in the prices of all things (and therefore the price index). War debt, unsupported by assets normally resulting from debts, is unpayable unless we write up the existing gross assets of the country. This thinking should result in a formula such as:

$$\frac{\text{Prewar liabilities (1940 prices)} + \text{increase in national debt}}{\text{Prewar liabilities of nation}} = \text{future price index}$$

Proper values for prewar liabilities and for increases in national debt for both war periods could be used to check the validity of this idea, and could have a norm below which prices might drop only temporarily, or above which prices (as now) might only stand by reason of intense demand.

Simon Meyer

Property Development Co.
Charleston, W. Va.

You are quite right in thinking that the great increase in debt growing out

of a war forces an increase in the general price level. However, you can't predict how great the increase will be simply by looking at the increase in debt, because there are a host of other things which also influence the level of prices.

Here is how your formula works out:

$$\begin{array}{l} \text{World War I:} \\ \$81,400,000,000 + \$23,800,000,000 \\ \hline \$105,200,000,000 \end{array} = 129\%$$

$$\begin{array}{l} \text{World War II:} \\ \$179,900,000,000 + \$207,500,000,000 \\ \hline \$387,400,000,000 \end{array} = 215.3\%$$

Actually, the price level during the 1920's was about 15% above the pre-war (1916) level. Right now wholesale prices are about 81% above 1940 and most observers think they will settle down at a somewhat lower level.

The basic reason why an increase in the war debt boosts prices is that the process of floating the debt adds to the money supply (including both currency and bank deposits). The munitions and other things bought by the government are blown up or otherwise destroyed. But the money remains. As it circulates, prices rise.

But prices do not always rise proportionately with the increase in the money supply. The money supply doubled between 1914 and mid-1920 while prices rose 150%. Today's money supply is almost three times the 1939 total; the price level has not quite doubled.

Economists have been toiling for years to find some way to sort out and measure the forces which influence the relationship between the money supply and the general price level. They usually start out from what is called the quantity theory of money which can be expressed this way: The quantity of money (currency in circulation plus net demand deposits) multiplied by its rate of turnover equals physical production multiplied by prices.

To know how an increase in the money supply will affect the price level, you must be able to forecast what will happen to the other two factors: physical production and the rate at which money changes hands. Mr. Lionel D. Edie did that very successfully early in 1946 when he used the quantity theory of money analysis to predict that the wholesale price index would rise to 140-150 if OPA controls were removed. The index now stands at 147.7.

It might be pointed out that the quantity theory of money is not the only method of analysis that can be used in predicting the future course of prices. In a Business Week Report to Executives, Aug. 24, 1946, we arrived at just as accurate a prediction. Our analysis was based on the relationship between costs and prices—except in the case of foods and rents, where we used the relationship between consumer expenditures and supplies.

Calendars, for example ...

Take Time by the forelock and plan *now* for next year's calendar. If you want a good one—a calendar that will be chosen to hang on your customers' walls during all of 1948—you will need every minute between now and Christmas to plan and produce it. Remember: "Art is long and Time is fleeting." So give your designer enough time to enable him to do his best work. Warn your printer to make room for your calendar on his crowded schedule. Look into the question of mailing containers—they're hard to get. And put in an early requisition with your Hamilton merchant for an ample supply of Hamilton Andorra Cover in White, Ivory, or one of its five rich colors. This fine Cover Paper will turn your 1948 calendar into a New Year's keepsake of real distinction—a successful piece of direct advertising. W. C. Hamilton & Sons, Miquon, Pa. Offices in New York, Chicago, San Francisco.



HAMILTON PAPERS





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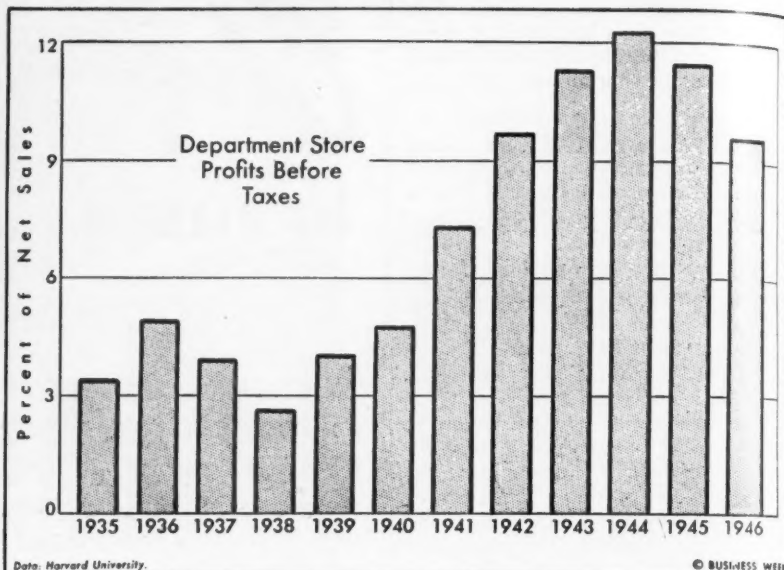
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MARKETING



Why Store Executives Worry

Rise in operating costs last year resulted in sharp drop in profits per dollar of sales. Payrolls biggest factor. Other bad news: lower margins, less turnover, fewer cash sales, more returns.

Despite record sales and earnings in 1946, department stores are viewing the future with caution. And their attitude seems to be justified. For instance:

- Net dollar sales were 25% ahead of 1945, a whopping 250% above 1939. But most of this was due to price rises; unit sales were very little higher than the previous year (BW—Feb. 15 '47, p.15).

- Profits after taxes were 5.9% of sales. This compares with 3.6% in 1945 and a more nearly normal figure of 2.9% in 1939. But the jump was due entirely to the end of excess-profits taxes; the percentage of sales carried over to profits before taxes has been declining since 1944 (chart).

These data are contained in a report on "Operating Results of Department and Specialty Stores in 1946" distributed last week. The report, 27th in a regular annual series, was written by Professor Malcolm P. McNair of Harvard University, published by that institution's Graduate School of Business Administration.

- Expenses Up—The factor that causes department store executives the most worry is the sharp increase in store operating expenses. From 27.85% of net sales in 1945, they rose to 28.1% in 1946. Though this doesn't look like much of a jump at first glance,

it becomes alarming when viewed in the light of the 25% increase in sales; over-all operating expenses went up more than 25%.

For stores with annual sales of \$4-million or more, total operating expense per average transaction rose from 81¢ in 1945 to 96¢ in 1946—an increase of nearly 18%.

- Wage Costs—The biggest factor in this rise was in payrolls. For all stores this item accounted for 15.5% of net sales in 1945; last year it was 15.9%. For the group of big stores, payroll cost per transaction rose 20%—from 45¢ in 1945 to 54¢ in 1946.

The survey reports that average total sales per employee were greater in 1946 than in 1945. But it credits this almost entirely to higher prices. It adds that, although there are no exact figures available, there is increasing evidence that number of sales per employee dropped last year.

- Other Dark Spots—There are a number of other facts cited in the survey that are not calculated to make good reading for store executives:

- Lower initial markups, combined with more and bigger markdowns, resulted in a drop in over-all gross margin from 37.6% of net sales in 1945 to 35.9% in 1946.

- The value of inventory on hand increased by more than half during the



Embezzlement losses aren't "peanuts"!

Embezzlement losses, to use the vigorous idiom of America, "aren't just peanuts." As witness U.S.F. & G. case No. 181333, with losses totaling \$271,777.81. Or No. 4-MF-2, in which a shipping clerk appropriated merchandise worth \$34,000. With prices high and more money in circulation, losses due to employee dishonesty are rising sharply.

Yesterday's Fidelity Bonds may not provide adequate coverage today. Your company may have a sizeable deficit to make up in event of major embezzlement losses. Why not review your bonding program in the light of current conditions? The U.S.F. & G. agent in your community will be glad to analyze your program, without obligation. Consult him today.

"Consult your Insurance Agent or Broker

as you would your Doctor or Lawyer"

U. S. F. & G.

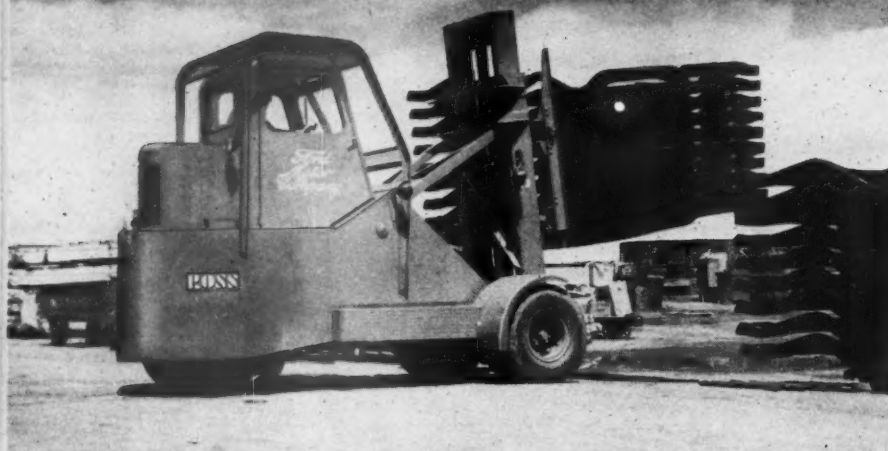


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ROSS *Heavy Duty* **LIFT TRUCK** handles frames "by the bundle" at Ford's Lincoln plant.

Here's typical ROSS performance. It's the kind that has convinced one manufacturer after another that ROSS is the lift truck they can depend upon to solve their big-load handling problems most efficiently.

Remind those responsible for your materials-handling operations to investigate ROSS Heavy Duty LIFT TRUCKS. Three types, six models. Capacities, 5,000 to 18,000 pounds. Gasoline power. Pneumatic tires.



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year. This reflected: (1) low stock position at the beginning of the year; and (2) stocking up on goods that were unavailable during the war. Due to this rise, stock turnover dropped from an average of 5.4 times in 1945 (a record high) to 5.25 times in 1946—despite the increase in sales. Since the first of this year stores have considerably improved their inventory position by: (1) clearing their shelves of ersatz merchandise—through ruthless markdowns where necessary; and (2) careful supervision of new orders (BW—Jun. 21 '47, p60).

- The proportion of cash sales to total sales, which had gone up during the war, dropped sharply last year—from 54.1% in 1945 to 46.7% in 1946. The proportion of charge account sales rose correspondingly—from 35.7% to 41.4%.

- The percentage of returns, which had declined during the war, turned upward. But the 8.7% figure registered last year is still far below the prewar average.

- Coverage—McNair's study covers the operating results of 399 companies, operating 500 department stores in the United States and Canada. Their total net sales last year were \$3,280,000,000. As an indication of the validity of the sample, the 25% gain corresponds very closely with the 27% increase for all U. S. department stores, as reported by the Federal Reserve Board.

PAPER BAG SHORTAGE

Out in the Midwest, grocers' kraft paper bags are again in short supply. Shoppers are complaining, and officials of big chains and supermarkets are decidedly unhappy. Principal reason for the shortage: Sales through these types of stores have been increasing faster than the paper industry can supply them with bags.

Leading bag manufacturers are not yet up to 1941 production on kraft paper bags. They were hopeful earlier in the year that they could gradually catch up on demand. But recent sales advances made by the big stores have caused something like a minor crisis. The industry estimates that it is about 30% behind on deliveries to large users, perhaps 10% behind on deliveries to wholesalers and others who supply smaller independent stores.

Some new production is coming in but it will not be making paper much before next summer. There is also talk—but little hope—of imported pulp being used for kraft paper making.

Meanwhile chain grocers in the St. Louis area, which is hardest hit at the moment, are putting signs up in their stores stating that the shortage "is the worst in history."

Canners' Dilemma

Name brands set record sales as less well-known canned goods pile up on shelves. Small pack prospects may move them.

The nation's fruit and vegetable canners and their distributors are taking a hard and suspicious look at what has happened to them during the past year. They had come through a period in which the heaviest tonnage of canned goods ever produced sold at the highest prices ever. This had happened even in the face of great competition both from frozen foods and from fresh produce—better graded and handled than since before the war.

Success and Surplus—On the whole, it was an enviable success story. The Dept. of Commerce had estimated earlier in the year that all canned foods



BOTTLE BATTLE AGAIN

The jeep holds the pretty girl; the bottles hold the jeep. In this trio, the bottle is the thing. The disposable beer bottle—Owens-Illinois Glass Co.'s fighting answer to the beer can (BW-Sep. 23'39,p32)—was a war casualty. Now it's making a comeback in a West Coast marketing test.

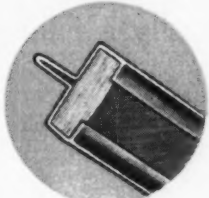
Brewers say that the one-way bottle—and the can—contribute to their prosperity; a container that doesn't have to be picked up and washed saves them money.

Big question to bottle makers: Will consumers pay a premium for a bottle they don't have to return? On the Coast, you pay 13¢ retail for an 11-oz. one-way bottle; 12¢ net on a 12-oz. return bottle; 14¢ for a 12-oz. can.

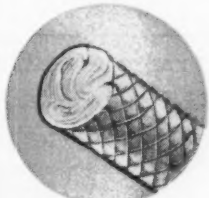
What's the Use?



Edge roll for upholstering furniture



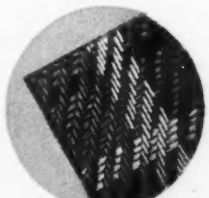
Tacking strip for auto seats



Plio-cord



Flat braid for basket trim



Textile sunsure seat cover material

HERE ARE A FEW of the many different Twitchell materials and some of their uses. Every day, more industries are learning about the versatility and usefulness of fibre materials as prepared by E. W. Twitchell.

Every purchasing agent, every design engineer, every manufacturer ought to know about these materials and their possibilities.

Many men who have investigated have found that the high degree of uniformity of Twitchell materials means faster and more economical manufacturing.

Bright, lasting colors are a big part of the Twitchell picture, and help many manufacturers to step up their selling. Twitchell materials can be pliable or surprisingly rigid. They can be combined with other materials such as wire, cloth, cellophane, burlap, cellulose, or can be inserted in metal channels. They can be easily sized, water-proofed, fire-proofed, colored, painted, varnished, lacquered, waxed, or otherwise treated.

Twitchell welcomes your inquiries and will be glad to make up fibre materials with special characteristics, or in special shapes for your particular needs.

Just write E. W. TWITCHELL, INC., Third and Somerset Streets, Philadelphia 33, Pa:

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SPECIALIZING
in this
all-purpose saw
has been
our business
for 25 years



This marks the 25th year DeWalt has been specializing in making this famous saw. We created it. We perfected it. We've built more than 70,000 units. It's the only equipment we've ever made.

The new era in woodworking demands a machine like DeWalt.

This versatile, all-purpose power saw is ideal for carpenter maintenance in or outside the plant, for crating and boxing, for pattern work, or for general woodworking.

DeWalt's entire production is devoted to building these saws. That's why deliveries are excellent with preference given to help ease urgent industrial needs and the housing shortage. Write for a copy of the DeWalt catalog, and discuss this machine with your technical men. DeWalt Inc., 358 Fountain Ave., Lancaster, Pa.

DE WALT



This Is Really a Filling Station!

It's just a snack bar in the corner of a filling station lot but it might provide the answer to a petroleum marketing problem: maximum utilization of high-cost property.

Space in the Los Angeles Station was provided by Standard Stations, Inc., subsidiary of Standard Oil Co. of California. A. V. Spencer, Los Angeles restaurateur, built the test bar for \$30,000, serves 500 persons

daily. This produces about \$7,500 a month, of which Standard gets a flat 5% or about \$375.

Oilmen calculate that Standard thus gets a return from the food outlet equal to 1.5¢ for every gallon of gas sold during the month (estimated at 25,000 gal.). They also point out that such a margin can be mighty handy in a tight competitive situation.

sales would total well over 400 million cases, that the 1946-47 season carryover would be somewhere around 120 million cases.

But not everyone was happy. In this apparently healthy industry, many smaller operators complained bitterly of unsalable surpluses. Nearly two months ago they appealed to Congress for relief, asked that the government buy up large stocks of canned fruits, vegetables, and juices for foreign relief. They said that they were stuck with nearly 70 million cases, 80% of it in the hands of distributors, 20% in canners' hands.

• **Catastrophe**—If this heavy backlog was not moved out of the market immediately, they foresaw catastrophic consequences. Canners could not afford to make commitments for purchase of new crop fruits and vegetables. Distributors—who claimed that they had enough goods on hand to keep them going for a year at the present rate of distribution—said that they could not buy new-pack merchandise from the canners.

But the request didn't even get through a subcommittee of the House Agriculture Committee. The Dept. of Agriculture turned an equally deaf ear. So did the State Dept. (BW—Aug. 2 '47, p5).

• **Bright Side**—But there was another and happier side to the picture. Leading

brand name canners came into the market last year with big advertising campaigns, plenty of branded merchandise for the first time since before the war and warm and friendly feelings for the distributors. This friendliness became apparent when they allocated merchandise to wholesalers, chain supermarkets, and big independent retail buyers. Allocations were apparently generous and, on a month to month basis, were just about equal to sales.

The big brand name canners—Libby, McNeill & Libby, California Packing Corp., Stokely-Van Camp, Minnesota Valley Canning Co., and a few others—are still doing a land office business. Never before have branded canned foods sold as fast or at such high prices. Result: As the end of the season approached, the big brand name canners had no surpluses of branded items on hand.

• **Consumer Mood**—The brand name canners had followed no revolutionary marketing techniques to achieve their success. They depended principally on heavy advertising, fair allocations to all distributors, and heavy display in self-service groceries.

But there was one factor which may have been more important than many canners—particularly the smaller fellows—believed. Big canners were convinced that during the war consumers generally

"Where are those engineering change notices?"

"Still waiting for those packing lists!"

Is your business held down by a paper-wait?

"What! Those reports late again?"

"Let's get out complete new pages when prices change."

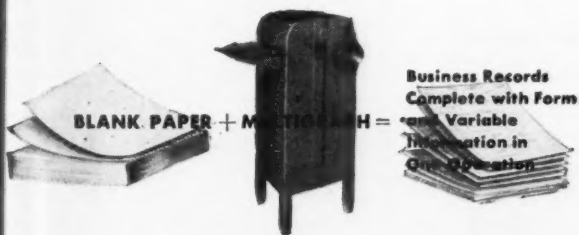
"Sorry! We're behind on our order-writing."

DELAYS in processing business records and communications can cause costly bottlenecks in factory, field or office. These slow-downs can usually be traced to tedious typing and retyping of routine forms—limitations of office writing machines in producing carbon copies—collating, interleaving and correcting carbon copies, or use of old fashioned duplicating methods.

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For with the Multigraph method, *blank paper* is quickly transformed into business records complete with form and *legible* written information—all in a single operation. Key to this fast, simple operation is the exclusive Multilith duplicating process using the amazing new reproducing masters.

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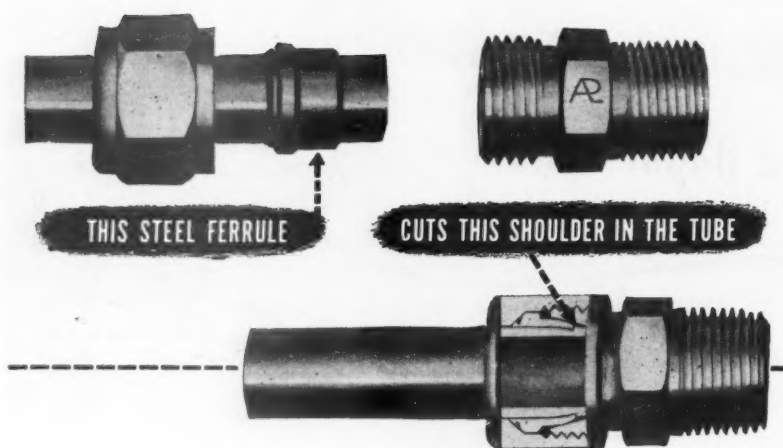
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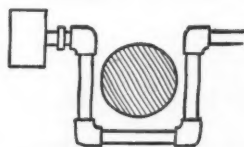
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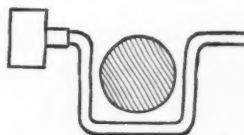
Parker

TUBE FITTINGS • VALVES

FREE FLOW— a comparison



OLD METHOD—Each connection threaded—requires numerous fittings—system not flexible or easy to install and service. Connections not smooth inside—pockets obstruct flow.



MODERN METHOD—Bendable tubing needs fewer fittings—no "threading on the job"—system light and compact—easy to install or service—no internal pockets or obstructions to free flow.

had tired of the variety of brands and qualities of canned foods on grocery shelves. So when supplies began to run out, consumers apparently preferred to buy known brands since prices were high.

• **Solutions?**—But the success of the boys in the industry didn't help little ones. Their problem, lacking aid from the government, was to make products evidently no longer popular with the buying public. And there was reason to believe that eventually they might be able to do just that.

For one thing, there was a limit to the amount of goods the brand name canners could produce. But another more important reason could be found on U. S. farms. Bad weather and blights were threatening this year's crops. As farmers were balking at selling produce to canners at low prices. With supplies tighter, not only would canned goods prices rise further, but the small canners would be able to sell their big can over after all.

Liquor Stocks Too Big; Ohio Stops Buying

Ohio, a liquor monopoly state, had found itself with a liquor inventory completely out of balance that all buying has been stopped. And it won't start again, according to Liquor Administrator Dale Dunifon, until at least start to pay off the bills more than \$16 million that stare the department in the face.

• **Inventory Rise**—Normal inventory for the state has been about \$17 million. By last January it had zoomed to \$25 million—and an additional \$13 million was on order.

Dunifon issued the stop buying order when he found the inventory of brands now to be about \$42 million—and badly out of balance. For example, there was scarcely any Scotch whisky, only a month's supply of some popular blend whiskies. Yet there is enough of some cordials, rum, and gin to last as long as 200 years at the present buying rate.

• **Low Income**—In addition to not having enough money to pay current liquor bills, the vast inventory is costing the state \$26,000 a month for storage. Instead of the state's receiving from its liquor department an expected \$1 million per month, only \$750,000 has been turned over to it so far this year.

In an effort to solve at least a part of the problem, Dunifon took a tip from the state of Michigan, which, in a similar situation, had asked suppliers to take back part of the excess stock (BW—May 3 '47, p64). Those who refused Ohio's request have been given

understand that their brands will be missing from the state's list for a long time to come.

Inquiry Starts—The state's inventory of whisky is not out of line to any great extent—except for some cheap brands. It is the stocks of gin, brandy, rum, and cordials that have tied the liquor department of Ohio into a knot. And an inquiry is under way to determine who is or has been at fault.

NAMED TO BUTLER BROTHERS

Butler Brothers is celebrating its 75th birthday with a new president. It is G. R. Herberger (below), former president of G. R. Herberger's, Inc. (department stores).

Despite the anniversary, Butler, like any other wholesalers, has found 1947 a bad year for celebrations so far. For the first six months, it reported a deficit of \$158,900 after tax carry-back credits of \$1,922,800. For the same period last year it had a net income of \$2,065,526.

Nevertheless, as new head of the nation's largest wholesaler of medium-priced, popular-demand variety goods, dry goods, and general merchandise, Herberger expressed optimism. He laid much of Butler's poor showing to markdowns this spring when the retailers' buying strike hit wholesalers hard. He said that the Reynolds tobacco family, the Mayos of Rochester, and the du Ponts have been buying Butler stock. He looks to the flexibility of the big Butler setup and the company's expanded wholesale activities in the larger retail-store field to help out. He denied that a merger with Gamble-Skogmo, Inc., was contemplated.

Herberger succeeds T. B. Freeman, who became Butler chairman, filling the post left vacant since the death of Frank S. Cunningham in 1941.



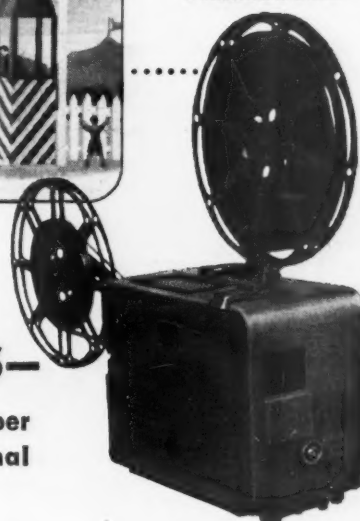
G. R. Herberger



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Latest of about 40 IH sound movies now in active use is "County Fair," a 22-minute sound film in full color which entertains while it supports the firm's two sponsored 4-H Club contests in field crops and frozen foods. More than 100 prints of this film were busy all last winter at "Family Parties"—evening entertainments by IH dealers for local farm families.

Thirty-two Filmosounds insure fine projection

Like hundreds of experienced sound film users, IH knows that no film program can be fully successful without fine sound and picture reproduction. That's why this commercial film pioneer recently bought 32 new

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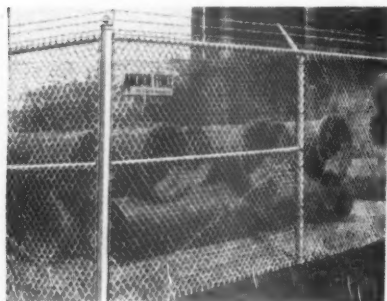
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FINANCE

(THE MARKETS—PAGE 90)



MORE FREIGHT shipments are a blessing to the railroads as costs rise.

Rail Income Surprisingly Good

Despite sharply higher costs—particularly wages—Class I roads netted estimated \$200 million in first half of '47—best peacetime figure since 1930. But carriers are worried about the future.

Railroad earnings in the first half of this year weren't as breath-taking as those of business generally (BW—Aug. 2'47, p15). But they were nothing to be ashamed of, either (box, page 64). Estimates last week put profits at around \$200 million after payment of all charges.

That figure, to be sure, seems mild compared to the \$289 million to \$459-million of net income the Class I roads piled up in January-June during the 1942-45 boom.

• **Comparison**—But such a comparison is hardly fair. Skip the war years, and you find that 1947 brought the rail industry the best first-half in many a day. By comparison:

- The January-June, 1946, operations showed \$28 million of red;
- In the first half of 1941 only \$173-million of profits came in;
- In 1931-40, when operations were in the black six years, full annual earnings never rose above \$185 million.

More: If the normal seasonal pattern prevails during the rest of the year, first-half operations appear to augur full 1947 gross revenues in excess of \$8-billion, net earnings of over \$500 million. That's not hay. Gross in 1929, for example, didn't quite reach \$6.3 billion; earnings of over \$500 million

would mean the best year since 1930 when profits came to \$524 million.

• **Uneasiness**—Yet railroaders fail to cheer out of their worries. Nor has rail shares had much bounce on the stock market lately.

Obviously, the big bogey is posted operating costs.

• **Wages**—As things stand now, average wages are up 53% over 1939. Employees currently get almost 52% of the gross. Only a few years back, the share was 42% to 45%.

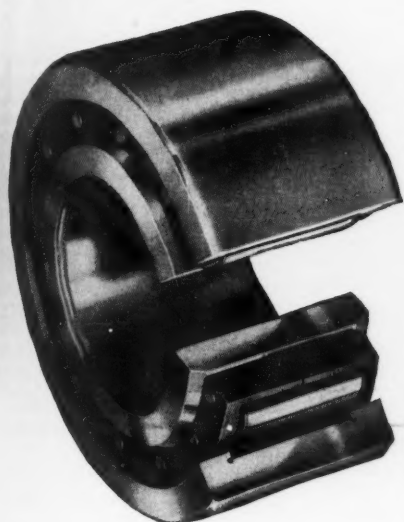
The uptrend in wage scales, moreover, is far from its end. New demand involving a 20¢-an-hour pay increase to the industry's million nonoperating workers, are now on the table. Granting them in full, say the roads, would boost payrolls \$526 million annually and swell payroll taxes \$46 million.

The operating brotherhoods, however, seem more interested in changes in working rules than in straight pay increases. Over 40 have been suggested. If all had to be granted, the industry claims, annual operating costs would rise \$1 billion.

Thus no one thinks that a further substantial rise in labor costs can be ducked. If only a 15¢-an-hour hike results, the total annual gross cost, including payroll taxes, might run up

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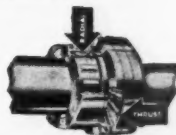
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First Half Year Rail Earnings—1947 vs. 1946

	Gross Revenues		Net Income		Estimated Earnings per Common Share	
	1947	1946	1947	1946	1947	1946
(In Thousands of Dollars)						
Atchison, Topeka & Santa Fe...	\$207,352	\$196,210	\$18,467	\$17,639	\$6.33	\$5.99
Atlantic Coast Line#	68,164	65,474	5,035	D815	6.11	20.99
Baltimore & Ohio	174,326	139,346	5,237	D16,690	1.58	26.97
Boston & Maine	40,986	36,902	1,596	D868	NA	NA
Chesapeake & Ohio	152,176	108,320	20,609	8,766	2.60	1.08
Chicago, Burlington & Quincy	101,731	95,044	13,321	11,036	7.79	6.46
Chic., Milw., St. Paul & Pac.	107,976	93,475	2,742	D3,539	A2.43	A13.16
Chicago & North Western	83,030	74,342	717	D2,950	A0.78	A13.22
Delaware & Hudson#	21,843	17,055	1,840	D252	3.57	10.49
Erie	73,422	58,007	1,764	D5,194	0.31	D2.53
Great Northern	85,649	74,303	6,096	2,489	A1.97	A0.80
Gulf, Mobile & Ohio#	17,027	14,356	1,064	2,589	0.66	D1.41
Illinois Central	118,519	100,641	8,302	2,306	5.70	1.29
Lehigh Valley	36,142	31,390	122	D1,838	0.10	D1.52
Louisville & Nashville#	78,587	66,443	6,666	2,969	2.85	1.27
Missouri-Kansas-Texas	31,974	29,899	1,004	936	A1.51	A1.40
New York Central	338,181	287,609	2,054	D9,386	0.32	D1.46
N. Y., Chicago & St. Louis	45,188	33,619	3,951	235	8.50	D2.51
Norfolk & Western	81,388	59,580	15,961	9,644	11.03	6.54
Northern Pacific	55,167	48,785	2,759	D1,753	1.11	D0.71
Pennsylvania	438,649	377,230	D9,010	D23,509	D0.68	D1.79
Reading	56,800	47,809	4,477	429	2.20	D0.69
Seaboard Air Line#	53,506	49,855	3,746	D3,317	NA	NA
Southern Pacific	255,029	236,800	*22,411	*17,706	NA	NA
Southern Railway	110,708	103,380	6,324	3,071	3.72	1.21
Texas & Pacific	28,814	27,750	2,552	2,878	5.06	5.90
Union Pacific	185,579	166,935	20,602	9,909	8.37	3.56
Virginian	18,424	11,866	3,963	1,292	2.50	0.36
Wabash	45,941	37,361	3,961	1,745	4.28	0.57
Western Maryland	20,653	14,637	2,660	827	3.60	0.16

#—Five months through May.
A—Earnings on preferred stock.

*—Net railway operating income.
D—Deficit. NA—Not available.

wards of \$500 million. This would mean a net cost of some \$320 million after federal income taxes.

• **Cost of Supplies**—Almost as serious is the rise in the price of materials, supplies, and fuels. Recently such costs had been running some 62% above their prewar level. Since then they have raced ahead still further.

All told, operating costs rose \$2.3-billion from 1940 to 1945, according to the industry's figuring. Subsequently another full billion has been piled on.

• **Passenger Traffic**—Another headache is the recent trend of passenger traffic.

During the war, human cargo brought big profits. Passenger revenues then made up 19% of the gross.

But soon after V-J Day, passenger traffic and profits started to fall off. Lately humans have been furnishing only 10% of the gross. Thus an offset to rising costs is disappearing.

• **Savior**—Seemingly, amid all these troubles, the rails shouldn't have had a good first-half in 1947. That they did is the result of two mighty factors:

• A sharp uptrend in freight to new peacetime records;

• Retention of much of the increase in operating efficiency acquired since the early 1920's, but particularly during the war years.

Loadings were 14% higher this first-half than last. (That's partly due to record-breaking industrial production, partly to fewer strikes.) The job

was accomplished, moreover, with 30,000 fewer boxcars than in 1929.

This year's volume of freight business couldn't have been carried, however, without high skill in handling.

• **Efficiencies**—Freight cars, for example, now have an average capacity over 50 tons vs. only 43 tons in 1929. Freight train speeds average 16 m.p.h. vs. only 11.1; the average load per train is 1,086 tons vs. 676; average length is 53 cars vs. 38; gross ton miles per train hour are 37,100 vs. 16,180.

But despite more freight traffic and more skill, the roads want to show themselves up still better. Thus they are asking the Interstate Commerce Commission to boost freight rates 16%. That would add about \$1 billion more revenue at 1947 traffic levels. But a wage hike, the roads emphasize, would put them right back where they were. So they want a future second raise to cover whatever new costs come out of the wage parley.

• **Goal**—What the roads apparently are driving at is a return on rail property of 6% (which the Supreme Court has held "fair and reasonable" for public utilities). This year the roads think their return will be about 3.75%.

Hearings on the rate matter are scheduled to start next month. Their fingers crossed, the roads are hoping:

• A decision will come quicker than last time.

• Wage raises won't be retroactive.

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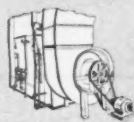
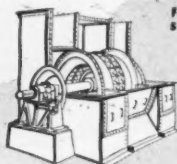
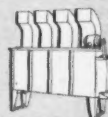
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California Bans Sale Of Tucker Stock

Tucker Corp.'s new stock issue absorbed another hard blow last week this time from the California Division of Corporations. Other states have hedged with many restrictions. Tucker is right to sell the stock (BW—Jul. 24, p. 20); California's answer was a "No!"

• **Ruling**—"The plan of business of the applicant is unfair, unjust, and inequitable," was the blunt ruling of Commissioner Edwin M. Daugherty of the Division of Corporations. "The securities it proposes to issue and the method to be used . . . in disposing of [them] are such as to work a fraud upon the purchasers."

Floyd D. Cerf Co., Inc., Tucker underwriter, had hoped to sell in California 500,000 of the 4 million shares being offered. As a matter of fact, California brokers were already pushing the stock—until the Division of Corporations headed them off.

• **Assurance**—Despite this setback, Cerf reported at the end of last week the sales were going well. At that time the underwriter reported, Tucker had already realized sufficient cash to assure its possession of the government-owned Dodge-Chicago plant under the terms of its lease with War Assets Administration.

The issue has been no out-the-window selling job, though. And with a good bit of the stock still unsold at the formal offering price of \$5 a share, it is now quoted on Wall Street

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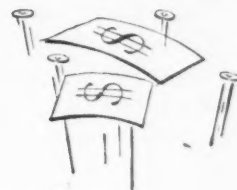
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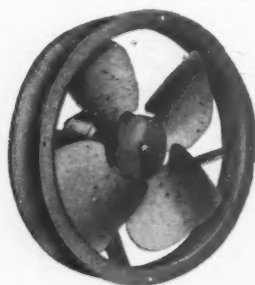
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TAKE A PEEK IN THE OFFICE . . . are your girls alert and giving their all . . . or has the heat put a crimp in their output? If so, a well-placed, whirlwind R & M Air Circulator will work wonders. Keeps 'em cool, comfortable . . . and coming through!



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over-the-counter market at 4½ bid, 4¾ asked.

• **Union Support**—Perhaps the strongest Chicago boosters of the issue aside from Cerf have been the members of Local 83 of the United Auto Workers (C.I.O.) This is the local to which the Tucker employees belong. By July 24, members had already "purchased \$60,000 worth," according to Steve Kane, chairman of the local.

To further this aim, the Organizing Committee for Permanent Jobs at the New Tucker Plant (Steve Kane, chairman) last Saturday put on a 13-hour "labor preview of the strikingly different Tucker '48." Tickets (picture, page 66) were distributed exclusively by local union offices.

Farm Mortgage Increase Causes Concern

Both business and government circles are beginning to show concern over the upward trend of the U. S. farm mortgage debt.

In 1946, farm mortgages climbed some \$170 million, bringing the overall total up to an estimated \$54 billion. This put an abrupt end to the downward trend which had been going on steadily for 16 years.

• **Still Low, But**—Outwardly this would not seem disturbing. Actually the farm mortgage debt was still—except for the record low of 1945—at the lowest point in 32 years. This meant that the total debt was far under (by \$14 billion) the figure at the beginning of the war. And both debt and interest charges per acre were far below the 1923 levels.

But several other factors are worrying the experts:

• The average size of new farm mortgage loans has been increasing sharply. In 1940 they averaged \$2,290; last year they averaged nearly \$4,000.

• The number of new mortgages has shot up; last year they stood 26% above 1945.

• Inflation in farm real estate prices has reached serious proportions. Average price per acre is now 92% above the 1935-39 average, only a shade (6%) under the record 1920 inflationary peak. And sales reached a new high last year.

• **Will Prices Hold Up?**—Many wonder just how long the current high produce prices—chief cause for the farm real estate boom—are going to hold up. Prices could decline an average 15% or so before government support would come to the rescue.

OLD STAND, NEW POST

American Rolling Mill Co. is one of the few in the heavy industries field to have a special representative in charge



Fred B. Dechant.

of stockholder relations. For the job it has picked Fred B. Dechant, manager of its Washington (D. C.) office for the last five years. Dechant joined the company over 20 years ago, has been supervisor of collateral advertising and general manager of sales.

The move is part of the company's extensive program to tell stockholders that it's all about. From his office in downtown New York, Dechant will also serve as liaison man with Wall Street banks and investment houses.

P. S.

The Missouri-Kansas-Texas R. R. has lost its onetime ambition to become a Great Lakes-to-the-Gulf system (BW—Jun. 22 '46, p. 42). The road's directors have voted to drop further consideration of a possible Katy-Chicago & Eastern Illinois-Chicago Great Western merger. Basis of their decision: an unfavorable report by outside engineers hired to study the feasibility of the step.

Robert R. Young, chairman of Allegheny Corp., is increasing his nonrail investments. To his already substantial holdings in the film, utility, and investment-trust fields, he has just added farm equipment manufacturing. Along with Allen P. Kirby, who has long been Young's moneyed partner in his various ventures, he bought a one-third interest in the Davis Mfg. Co. of Wichita, Kan.

Stockholders have finally resecured control of the St. Louis Southwestern Ry. after almost 12 years of bankruptcy. Despite earlier misgivings (BW—May 10 '47, p. 76) both the U. S. District Court and Interstate Commerce Commission recently agreed that: (1) Earnings in recent years had actually restored solvency; and (2) no drastic reorganization was necessary.

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sets a new standard for an old industry

THE WORLD'S FASTEST ADDING MACHINE.

The Clary operates as fast as most operators can count. Prints and adds at 188 cycles per minute—as much as 48 per cent faster than other adding machines. And it does this quietly, without effort, because of its basically new electromotive design. It operates by fast rotary motion—something new in adding machines. That's why the Clary is the world's fastest—why it does more with less effort.

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The keyboard is compact. Arranged so the hand can span it easily. Motorized control bars are fully automatic. Require no spacing stroke. Hand motions are reduced because of the thumb add-bar. The keyboard is entirely new, carefully planned to minimize eye fatigue and reduce human errors. These and many other Clary features give you more speed with less effort.

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LET THE THUMB DO THE ADDING. The Clary Thumb Add-Bar is an extra add-bar at the base of the keyboard. It can be pressed simultaneously with one or more numeral keys. Eliminates one operation. The hand remains in position to enter the next group of figures. A wonderful time-saver. Another reason why you get more work out of your Clary.

WHAT THE NEW CLARY MEANS TO YOU. It does more work with less effort. It means easier operation—fewer chances for human error. More accomplished by your accounting department in an eight-hour day. Decreased "burden." Higher profits.

WHAT OTHERS THINK OF THE NEW CLARY. Response has been instantaneous. After 16 months of production, the Clary is selling from coast to coast and in many foreign countries. Business has been quick to see that Clary fulfills a need for a new adding machine in tune with the times. The trend is up. The value sound. Before you buy be sure to try the new Clary.



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LABOR



TRUCE on the Rouge: Ford's Bugas (left), U. A. W.'s Leonard agree to wait and strike

Ford Terms a National Pattern?

Expedient of delay gets around thorny union liability section of Taft-Hartley act. U.A.W. wins major point; company will not file suit during compromise "study period."

Delay and then more delay is the emerging technique for handling the union liability issue under the Taft-Hartley law—it is a thorny question with an as yet invisible ultimate solution.

The expedient was developed in Detroit this week after negotiators for the United Auto Workers (C.I.O.) and the Ford Motor Co. ran head-on into each other on the issue. A frenzied week end of dickering, followed by an intermittent all-day, all-night negotiation, solved the issue only by tabling it.

The union thus won a victory of essentials. The company agreed not to file any liability suit during the study period, running up to a full year. The formula is a variant on the unconditional surrender of the coal mine operators in the negotiations with the United Mine Workers. It leaves the liability section of the Taft-Hartley law all but completely impotent.

• **Study Committee**—The Ford-U.A.W. formula calls for an initial three-month study period on the issue by a committee consisting of two men from each side. If they reach no unanimous decision in that time, they will add a fifth member to the committee.

Study will then proceed for an additional three months, or more if a

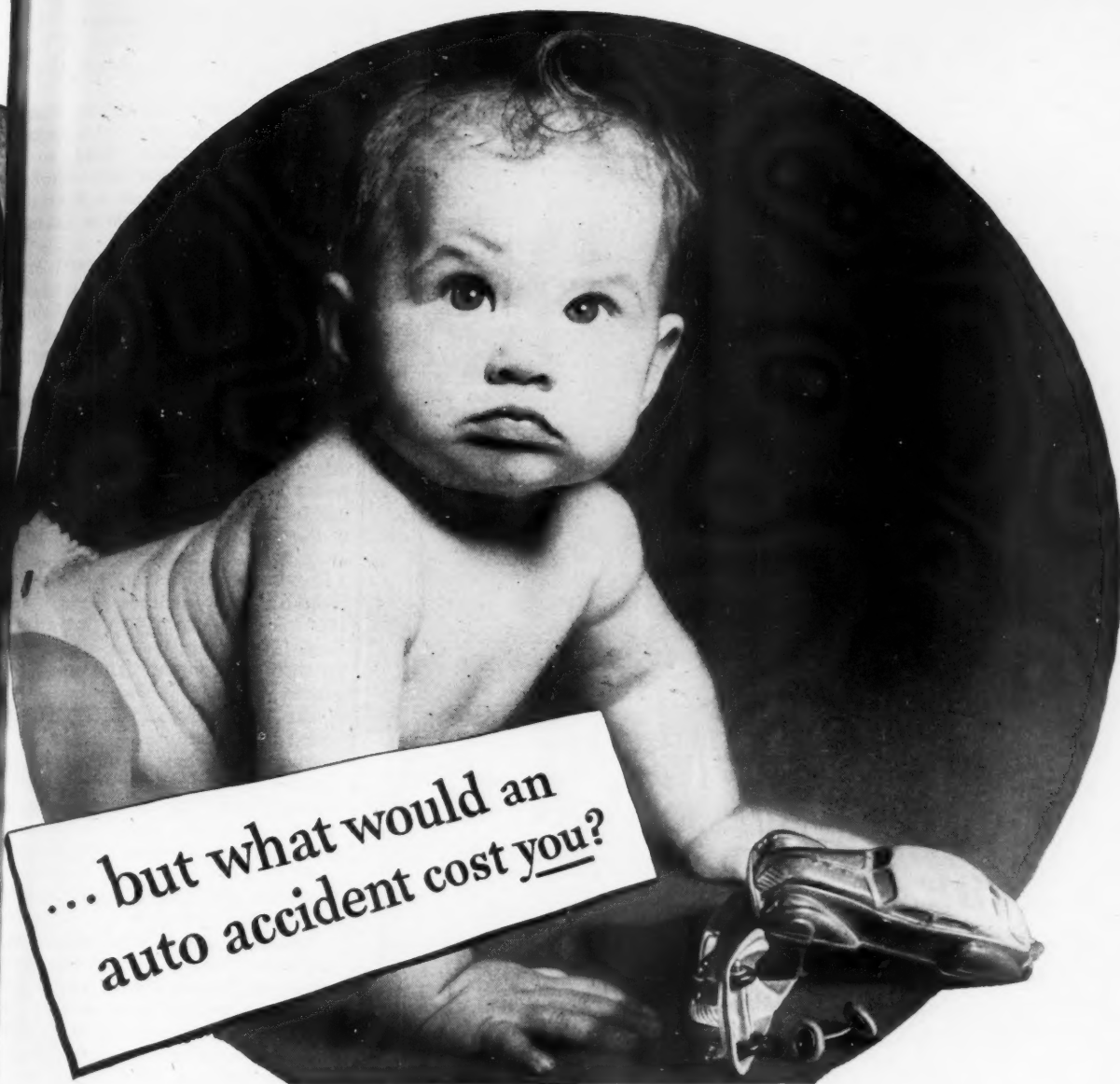
majority of the group wants it. At a maximum one-year term, the union can reopen the issue on direct negotiations. During all of this period, the company agrees not to sue the union for contract violation. But it maintains all other rights under the agreement—which is still incomplete.

If no solution on the issue is reached during the full year, the union is free to strike. If it should go out on strike, all other provisions of the contract will apply.

• **Fashioning a Trend**—Hammering on this set of conditions was a job of more than two days of argument punctuated by dissensions within both fronts, hopes and despairs, and even a congressional threat of inquiry.

Ford's first proposal was distilled from a general trend in management thinking evolved since mid-July. It had become apparent that the liability clause of the Taft-Hartley law held the potential of creating industrial warfare. And the warfare could conceivably stop the national economy dead in its tracks.

Management laid out its general position in the first Ford offer, and a feeler moves in the strike at Murray Corp. (BW—Aug. 2'47, p63). And the position ran directly counter to the surrender of the coal mine operators



*The Policy Back of the Policy—Our way of doing business
that makes your interests our first consideration*

JUNIOR looked so shocked and puzzled that I laughed—but not for long. I remembered that I must have had that same look after my own *real* smash-up.

I was plenty worried. Somehow I'd never thought an auto accident could happen to *me*. Then I recalled what Jim said about Hardware Mutuals insurance when I bought it some years ago.

"Day or night, when you need Hardware Mutuals service you'll get it—fast," Jim said. He told how prompt and sympathetic their claims service is—and mentioned those substantial dividend savings I've been receiving every time I've renewed my policy.

Jim was right. Thanks to Hardware Mutuals

my worries were quickly over. So my advice is: drive carefully, and get Hardware Mutuals low-cost, full-standard protection—with all the benefits and *plus*-protection of the *policy back of the policy*.

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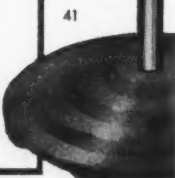
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who agreed to the now-famous "able and willing to work" clause in their contract with John L. Lewis (BW, Jul. 12 '47, p. 80).

• **Club in Hand**—Instead of signing away all rights, manufacturers, as evidenced by the initial Ford move, wanted to keep hold of this club. But they promised not to use it when the union itself was not to blame for contract violations.

Thus, at Ford, there would have been no suit if the union (1) refused to stand behind an unauthorized strike and its leaders, (2) tried actively to end it, and, (3) allowed the impartial company-union umpire to decide whether labor had carried out its part of the bargain.

U.A.W. rejected this formula. Its reason was that "life and death" power would be placed in the hands of one man: the umpire. The flat rejection of this proposal led to free expectation of a strike this week.

• **Proposals**—Last Sunday the company came back with another proposal—that the four-man committee be set up. Ford first proposed a six-month term for these negotiations. The union delegation caucused. It then decided that if it could obtain a year's term it would accept the proposition.

Meanwhile, the co-author of the new labor law, Rep. Fred Hartley, was learning with high interest about the six-month study period. He issued a statement promising an immediate investigation to see whether Ford and the union were jointly trying to evade the new law.

This evidently was a factor in causing Henry Ford II and his top advisers, executive vice-president Ernest Breech, to turn down the proposal to which the company vice-president on labor, John S. Bugas, had assented. The conferences resumed.

• **Compromise**—Hours later the union agreed to one change in its counter proposal: The negotiations would no longer than the company-sponsored term of six months, and up to the union-demanded period of a year, if the impartial fifth committeeman was voted.

Announcement that the threatened Ford strike had been "canceled" followed speedily. And Hartley declared himself satisfied that the terms of settlement were not an evasion of the law.

Both parties view the compromise as a concession dictated by self-interest. The company doesn't want to provide the testing ground for a protracted strike against the law. The issue there would be bigger than the Ford Motor Co. It would attract to the battle a much wider section of the labor movement than could ever be interested in direct U.A.W.-Ford dispute. Nor does

Liability and Consequences

Management is coming face-to-face with the ticklish problem of union liability clauses in a wide scattering of cases under the Taft-Hartley law. Here are some of the week's developments:

- The International Harvester Co. has offered to omit a no-strike provision in future labor contracts, in return for a written union promise of "reasonable, positive action" to avert wildcat strikes. The C.I.O.'s Farm Equipment Workers Union refused, asked the company to waive its right to sue the union for strike damages.

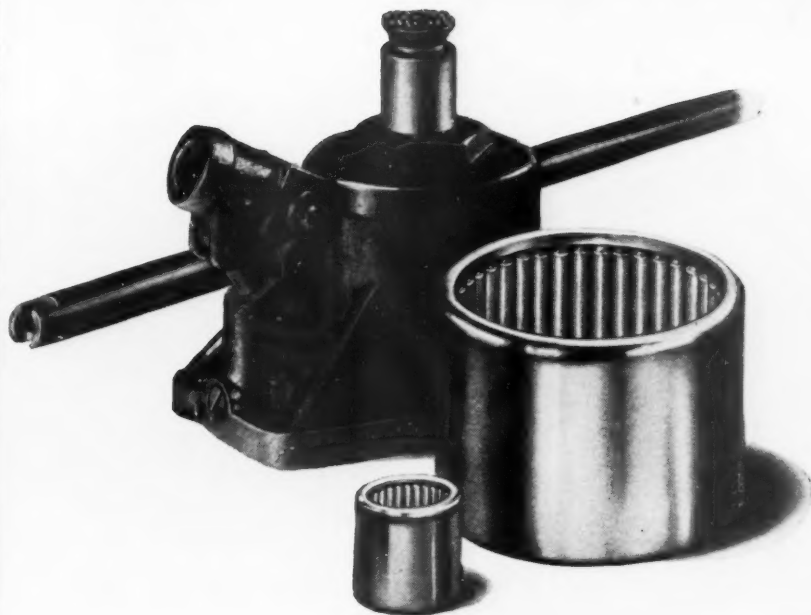
- The American Paper Goods Co., Chicago, signed a new labor contract with a "no-suit" clause. In return, A.F.L.'s General Service Employees Union pledged its "best efforts" to prevent wildcat work stoppages.

- The Globe Co., Chicago manufacturer, filed suit against C.I.O.'s United Steelworkers of America and its Local 3868 for strike damages. Company alleged the union struck July 14 in violation of its contract. It placed damages at \$75,000 to Aug. 1, asked \$30,000 more for each week the stoppage continues.

- In another strike damage suit, the Tincu Forging Die & Tool Co., Chicago, asked \$25,000 damages, plus \$5,000 a week additional, from the International Die Sinkers Conference, an independent union. The company alleged the union "induced" 15 employees to quit work July 15 to support other members of the union who were on strike against the Kropp Forge Co. Tincu was engaged in subcontract work for Kropp Forge. When the union settled with Kropp Forge, what started as a sympathy strike became a strike against Tincu for new contract terms.

the union want to take on such a fight for the sheer joy of it. In achieving legal immunity it has what it wants, much as it would prefer a less disguised arrangement.

- **Dead Letter?**—If no major company and major union offer themselves to fight the issue out, the liability section of the Taft-Hartley act will fall into the dead-letter box. It will then be up to Congress to determine whether its conception of the public interest should be forced upon a management which prefers to bargain some of its new rights away.



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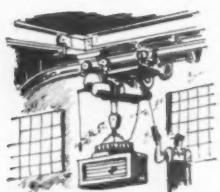
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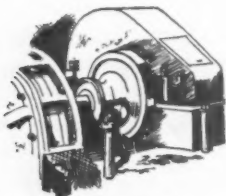
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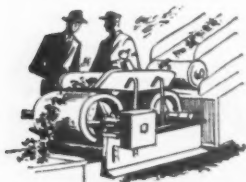
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NLRB Gets Set

As Aug. 22 deadline nears, board is in frenzy of activity. It must set procedures, policies; 5,000 old cases still pend.

For more than a decade every government agency which has found itself housed in the old, rococo Rochambeau Bldg. has been acutely uncomfortable. And it wasn't only a matter of the unsuitable accommodations.

If a visitor failed to understand the real reason, it was because he hadn't been hauled over by a veteran Washington cab driver. If he were, his direction to the cabbie soon evoked an interesting tidbit: He was being driven to what, in the city's gaslight days, had been its fanciest house of assignation.

The Rochambeau is currently occupied by the National Labor Relations Board.

• **Still Under Scrutiny**—As the busiest agency in Washington this week, NLRB has little time at the moment for fantasies about the history of its environs. Nevertheless, not since the days when carriages pulled into the Rochambeau's porte-cochere with their shades drawn has the virtue of its occupants been a matter of such public interest.

A congressional committee is suspicious. Labor is mistrustful. And jealous employers want to be certain they are not cheated of new rights conferred upon them by the Taft-Hartley act. Under such pitiless scrutiny the board must work out a program for living like Caesar's wife.

• **Problems**—Facing NLRB is the Aug. 22 deadline when the new law takes effect (BW—Jun. 28 '47, p 15). Before then it must: (1) dispose of many of the 5,000 pending cases; (2) establish procedures and policies to be followed in administering the new law.

On the first problem, some preliminary steps have already been taken. The 21 regional NLRB offices have more than 4,000 of the pending cases. They have been instructed to send to Washington any unfair labor practice complaints which have not had hearings and which do not allege illegal conduct under the new law.

Since the Taft-Hartley law does not give status to supervisory employees, all union petitions seeking certification of units involving supervisors are being dismissed.

• **Special Precautions**—The regional offices also are taking special precautions with election petitions involving plant guards, craft units, or professional employees. These groups have special status under the new law.

Until Aug. 22, decisions are being

made daily under the Wagner act. Afterward, only the Taft-Hartley law can be used. Thus, hundreds of cases which won't reach final decision by Aug. 22 will be dismissed if the Taft-Hartley law has cut the ground out from under them. This would include cases involving supervisors, some involving free speech, and many involving refusal-to-bargain charges.

Even where decisions in those cases are handed down before the deadline, the NLRB will lack the power to enforce them if they are against the employer and the employer refuses to comply.

Open Questions—Important procedural and policy questions for the post-Aug. 22 period had not been decided when J. Copeland Gray and Abe Murdock, new board members, and Robert Denham, new general counsel, were added to the NLRB team to serve interim appointments. They will be subject to Senate confirmation next January.

Reappointed board members are Chairman Paul M. Herzog, John M. Houston, James J. Reynolds, Jr. The new board will draft a general statement on policies and procedures before the deadline. This is required by the new administrative procedures act.

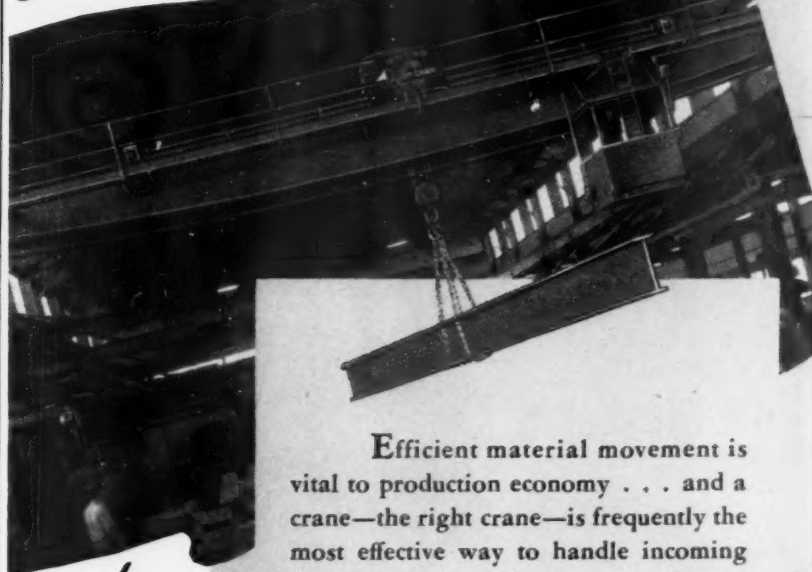
Left for Decision—Even so, many questions will be left for decision in specific situations. One, for example, is the right of workers in a craft unit to petition NLRB for certification separate from an industrial unit of which they are a part when no dispute exists between the employer and a union representing the larger group.

The three reappointed members anticipated a flood of problems over handling the new law. They asked the staff several weeks ago to present questions. The staff came up with 70 of them. The board members thought they had answers for some. Others required further study and consultation with new members, who would have to participate in formulating the policies.

Last week Houston, Reynolds, and Denham met with the Senate-House joint study committee, which was given a copy of the questions. The NLRB crew went over them, indicating their views where they were formulated. When it was over, Sen. Joseph H. Ball, chairman, and Rep. Fred A. Hartley, Jr., vice-chairman, expressed satisfaction with the board's approach.

• Troublesome—One of the most troublesome questions is the recognition to be given unions, particularly in the C.I.O., which intend to boycott NLRB. Some intend to refuse to register with the Labor Dept. or to file non-Communist affidavits for their officials. Such unions may be allowed to intervene in their own defense when their right to represent the workers is challenged by another union or when they are ac-

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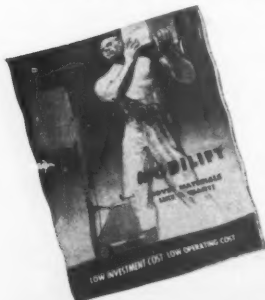
on MANPOWER

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cused of an unfair labor practice. But they cannot be certified. It's doubtful also, whether a nonregistered union will be allowed on an election ballot.

In this connection, and of more immediate concern, is whether a decision can be issued on or after Aug. 22 in a case filed before that date by a nonregistered union.

Foremen Revamp

Lewis' mine supervisors union takes on new form, name
On the surface it's independent but some see U.M.W. influence

Officially, John L. Lewis' union of mine foremen is dead—cut from the rich, stout United Mine Workers' trunk. The pruning was part of the price Lewis paid for his phenomenal wage agreement (BW—Jul. 12 '47, p. 80).

But Lewis has never been known to cast aside a weapon because its further usefulness is only potential. His concept of a union of coal foremen is far from dead. Already an independent organization has sprung up to take the place of his District 50's affiliated United Clerical, Technical & Supervisory Employees. The new group's name: The United Clerical, Technical & Supervisory Association of America. No connection between it and U.M.W. has been established. But the extent to which the association can count on U.M.W. help is an open question.

• **McAlpine's Climb**—As a result of Lewis' bargaining, at least one member of his union was out of a job. He was John McAlpine, formerly on the mine workers' payroll as president of the U.C.T.

As McAlpine closed up his organization's unpretentious offices in Pittsburgh, it was an undramatic end to his union's seven-year life. The seven years had been enlivened by scores of minor walkouts, two large strikes, and constant litigation. McAlpine's departure left the foremen organizing field to the newly formed association.

• **How It Grew**—McAlpine's union was chartered in 1940 as the Mine Officials' Union of America. It later changed its title to U.C.T., and was welcomed into the U.M.W. in 1942. The same year, the union won bargaining rights from NLRB at the Union Collieries Co. It later lost them when the board decided against foremen's unions in the guidepost Maryland Drydock case (BW—May 15 '43, p. 90).

U.C.T. went on its first rampage to win new recognition in 1944. By the time the National War Labor Board agreed to hold hearings, it had closed down 70 mines. When the board de-



JOHN MCALPINE: John L. Lewis wrote for his foremen's union and his job.

added the operators could extend bargaining rights to U.C.T. the union took its case back to NLRB.

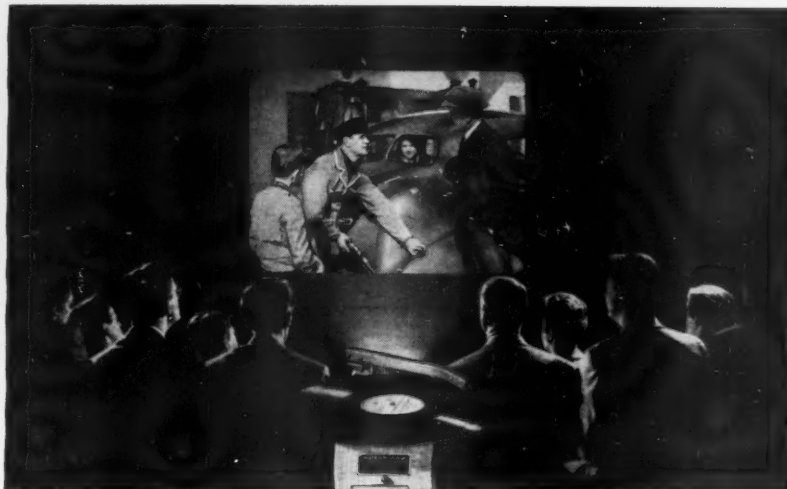
Later the union sought to test collective bargaining rights for its foremen at Jones & Laughlin Steel Corp.'s four Pennsylvania captive mines. A few days before the hearings began in Pittsburgh in September, 1945, the foremen at J. & L. pits struck in a show of strength. It was the spearhead of a walk-out that within two weeks had closed more than two-thirds of the coal-mining industry (BW—Oct. 27 '45, p. 107).

Testing Ground—J. & L. thus became the testing ground for the entire industry. The board, by a two to one decision, said the foremen had a right to demand a bargaining session. This was an important decision: It went a step beyond the earlier Packard case, in which only independent, nonaffiliated foremen's unions were permitted to act. In elections at the J. & L. pits, U.C.T. captured the production and maintenance foremen, but lost in the clerical, technical, and supervisory unit.

The steel corporation again took up the battle by opposing inclusion of the supervisors in the Krug-Lewis agreement of 1946. The NLRB filed an unfair labor charge against the corporation. But the issue will never be decided in that case. The board withdrew the suit when it gave up jurisdiction over foremen under the Taft-Hartley law.

New Hope—The mine foremen realize their only present union opportunity lies with their new association. At its first reorganization meeting in Morgantown, W. Va., at the end of July it elected Samuel Willets, a 68-year-old, one-time weighmaster, as its president. About 80 foremen, mostly from northern West Virginia and a few from two J. & L. Pennsylvania mines, were present. Their aims: recognition and bargaining. Willets claims one thing in his favor: The association is not affiliated with any

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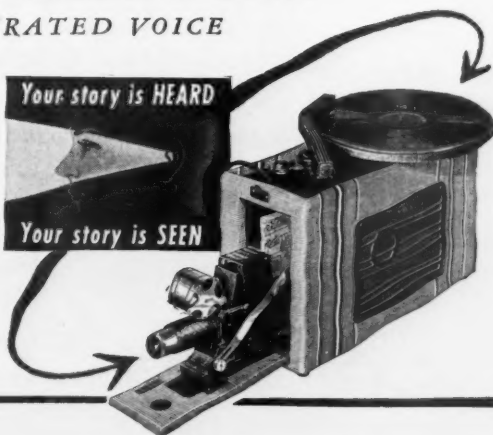
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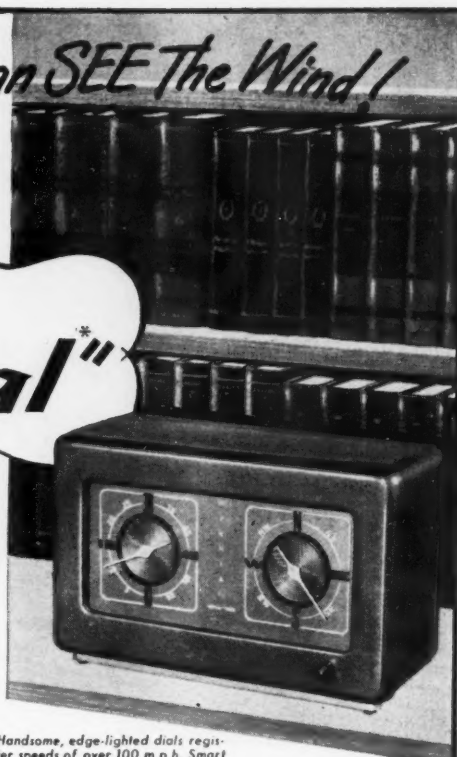
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SAMUEL WILLETTTS: Is his revamped foremen's union free of Lewis?

organized group—meaning the U.M.W. That was one objection to U.C.T.

• **Talking**—The association's new president was a field representative of the U.C.T. for more than a year and a half.

"We're talking now to some operators," Willetts reports. "We think they'll recognize us. Strikes? I don't believe in them."

• **Fine Hand?**—Some other operators, however, have dealt with the U.M.W. chief long enough to know how appropriate a biblical quotation can be in labor relations. They confine their comment to: "The voice is the voice of Willetts but the hand is the hand of Lewis."

JOBLESS PAY BARRED

The testy question of eligibility for unemployment compensation during a strike has been answered in Michigan. A new state law specifies that all workers in a plant involved in a labor dispute become ineligible for jobless benefits. A state court has overruled a Michigan Unemployment Compensation Commission policy which allowed workers not "directly interested" in a strike to collect the benefits.

Management has consistently opposed the Michigan commission's policy set last year (BW—Sep. 21 '46, p. 26). It has contended that unions can close plants by striking only in one key department. Thus all except those in the one struck department have been able to collect jobless pay.

The court decision on the Michigan commission's general practice came in a Chevrolet Gear & Axle Division case. Management appealed an M.U.C.C. decision that 58 die workers were idle through no fault of their own during a U.A.W. strike. The court reversed the commission. A further appeal is possible. However, indications are strongly against any change in the new precedent.

ause Squabble

Small-time strike takes on significance as an A.F.L. union charges an Illinois plant with violating a Taft act provision.

A small-time labor dispute involving 78-employee plant has suddenly erupted into nationwide significance. Reason: The union in the dispute threatens to use the Taft-Hartley act as a weapon against an employer. If the union makes it stick, businessmen who have assumed that the new law will be all to their advantage may get a shock.

Stripped of charges and countercharges, the strike is basically a union's effort to force recognition leading to a new contract. The International Brotherhood of Electrical Workers (A.F.L.), local B-1031, claims to hold signed contracts of 65 of the 78 employees in the plant of Naxon Utilities Corp., Skokie, Ill., a Chicago suburb. The firm makes super-size washing machines and other electrical household appliances.

Refusal to Confer—The union asserts that the employer has refused more than 15 invitations to confer on union recognition demands. These have come from the U. S. Conciliation Service, Illinois Dept. of Labor, and other public bodies, as well as the union, which has a standing request. Hence the union charges that the company is wilfully violating Sec. 204 (1) of the Labor Management Relations Act. This section provides that employers and unions shall "exert every reasonable effort to make and maintain agreements concerning rates of pay, hours, and working conditions." The union has told the company that picketing "is in protest against your continued violation" of the law.

M. Frank Darling, president of the local, is one of the I.B.E.W.'s up-and-coming younger men. His is an "amalgamated" local, holding contracts for some 15,000 members in 41 Chicago-area plants. Among them: American Radiolic Corp., Jefferson Electric Co., Majestic Radio & Television Corp., Oak Mfg. Co., Sonora Radio & Television Corp.

No Time Wasted—The Naxon firm only recently moved from Chicago to its new plant in Skokie. It was barely in production when Darling's agents got busy. It looked like a pushover to organize.

It turned out to be a toughie. Irving Meyer Naxon as yet have shown no enthusiasm for Darling's idea. When 19 button wearers were laid off in early June "for lack of steel," and no nonwearers got the axe, the



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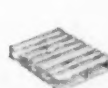
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NO SHADE: Temperatures rise at the Naxon plant, where pickets miss their elm.

strike started. Most of the picketing has been relatively peacefully handled, with five to 10 Naxon employees on the line. But the record includes a couple of incidents at quitting time when 150 pickets from another of the local's plants roughed up some outbound workers.

• **Damage Suits**—Naxon is suing the union for \$300,000 for damages to company property during these setbacks. Seven nonstriking employees last week filed suits for \$10,000 apiece. The union, through its counsel, labor lawyer Joseph M. Jacobs, has filed unfair labor practice charges with the Chicago office of the National Labor Relations Board. Grounds are (1) discriminatory discharges, (2) refusal to meet with the union even to discuss how to bargain collectively, (3) company interference with self-organizational activities of employees.

The union also has outstanding a justice-of-the-peace warrant for Naxon on grounds of violating a state law which provides that any employer advertising for help-wanted during a strike must state that a strike exists.

The Naxon plant at Skokie is scheduled for an early increase of capacity. It had construction under way when the strike started. Since then, there has been little progress in the expansion program except for the felling of a large elm tree which had afforded perspiring pickets a comforting shade.

• **Alarms and Excursions**—Several riot alarms have been turned in by jittery souls. But they have brought city, county, and state squad cars to the plant to view so many instances of tranquil picketing by half-a-dozen sunbaked strikers that the cops are grumbling publicly. Police tempers have not been improved by the management's charges that law and order in Skokie have broken down under political pressure.

Union men have been annoyed by occasional management sorties to the front steps to point out the futility of striking against a friendly employer. Management ire has been roused by periodic visits from the local's king-size trailer which might, to an apprehensive eye, be bringing sizable reinforcements for the pickets. But thus far the trailer has done nothing more menacing than comfort the pickets with luncheons and iced drinks.

• **Suit in Question**—Whether or not counsel Jacobs will bring action in the U. S. District Court under Sec. 204(a) (1) as he has threatened was still unknown at midweek. The Taft-Hartley law makes no provision for enforcing the section by legal means. Labor-law experts declare off-the-record that it probably would take years to get judicial determination of enforceability of the section.

Hence, they reason, Jacobs is unlikely to haul the company's management into court for what might turn into a delaying action of a sort that presumably would not desolate the Naxons. Instead, the experts are guessing that the union will hold the Taft-Hartley clause as a moral justification for continuing its strike.

COPPER PEACE

Threats of a crippling copper producing and refining strike this year (BW-Jul.26'47,p73) have faded. New wage demands by C.I.O.'s Mine, Mill & Smelter Workers are expected to be settled by a 12¢ hourly pay boost and six paid holidays. The union estimates the over-all gain at 15¢ an hour. A stalemate which threatened to bring a strike of the industry's 19,000 M.M.S.W. workers broke at the Kennecott Copper Corp. After Kennecott agreed on terms, other major companies renewed negotiations.

INTERNATIONAL OUTLOOK

BUSINESS WEEK
AUGUST 9, 1947



The Labor government is meeting Britain's dollar crisis with a shock treatment (page 85).

Prime Minister Attlee spelled out his crisis plan to Parliament this week. His theme: The country can survive only if Britons consume less, produce more. New financial aid may come from the U. S. under the Marshall program; but Britain can't plan it that way.

To conserve dollars, the government is slashing imports, cutting expenditures on occupation forces in Italy and Germany.

To boost production of dollar-earning exports, it is demanding longer hours from workers, driving labor from nonessential to essential production, fixing higher export quotas for each industry.

Attlee has asked Parliament for almost unlimited powers to put his plan across.

If the bill passes, the government would have authority to:

- (1) Enforce higher productivity in industry, commerce, and agriculture;
- (2) Promote and direct exports, reduce imports at will;
- (3) Control all resources "to serve the interests of the community."

Conservatives demanded and got a promise that the bill would not be used "to make short cuts to socialism."

Britain's powerful Trade Union Congress quickly announced its approval of the Attlee plan. But popular reaction is still in flux. If there is a violent swing away from Labor, as some observers predict, a coalition government might have to take over—even though Attlee vehemently rejected the idea.

A new government would still have a \$2-billion export-import gap staring it in the face. It would be under the same compulsion to find a drastic cure for Britain's economic crisis.

This is not a production crisis in any ordinary sense. The over-all volume of output in Britain today is 10% to 20% higher than in 1938. The real job is to get the higher production where it will pay off, directly or indirectly, in exports. Coal and textiles are currently the weakest spots.

The open revelation of British weakness is forcing new foreign policy decisions on the U. S. In fact, the British crisis caught Washington off guard.

Secretary Marshall had been counting heavily on both Britain and France to shore up the U. S. position abroad. Now his advisers are taking another look at the assumptions on which Marshall has based his policy.

No one doubts Foreign Minister Bevin's will to keep Britain solidly behind the U. S. But Washington experts figure that there won't be much power behind British foreign policy for a time at least. There can't be while the country is calling all hands on deck to save the ship.

This poses a neat question for Washington: How far should the U. S. go in bolstering up the British position at the expense of American commercial interests?

One of the main things the U. S. wanted out of the loan-to-Britain deal was a breakup of the Empire's preferential trade system. Britain agreed, now says it must back down.

It works this way: Under the U. S. loan agreement, Britain promised

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
AUGUST 9, 1947

not to use import restrictions that discriminated against U. S. goods. Today London can't spare the dollars to buy American fruit. So it will cut its fruit imports from the U. S. But, if the agreement stands, it must also pass up fruit that it could get from British colonies for sterling.

The U. S. was even keener to end London's wartime freeze on sterling. Britain agreed to make sterling convertible.

On July 15, the deadline set by the loan agreement, Britain completed most of the deals needed to make sterling convertible into dollars. Since that date, London has paid out dollars for the sterling earned by other countries in current trade with Britain. These countries can then spend the dollars on U. S. goods. But the drain on London's dollar supply has been heavier than expected. It is one reason why the British are cutting their own purchases in the U. S.

Marshall has agreed to U. S.-British talks on these questions of convertibility and discrimination.

Washington has another important decision to make on foreign economic policy. Should the U. S. allow the 16 Marshall plan European countries to go in for preferential buying?

European experts argue this way: Discrimination against U. S. goods may be necessary for several years. The need arises from the very lack of dollars that produced the Marshall plan. The U. S. is urging Europe to get together to cut its dollar credit requirements from the U. S. Therefore, it makes no sense to forbid European nations to cut their dollar needs by preferential deals.

Here's where the Marshall plan clashes with U. S. trade policy at Geneva:

Expansion of American exports is the U. S. goal at the Geneva meetings of the International Trade Organization. But the aim of the Marshall plan is to set Europe on its feet, make it less dependent on U. S. exports.

A \$23-million Export-Import Bank loan to Italy will bring good business to U. S. machine-tool builders.

Money is going to three big Italian firms: Fiat, producer of automobiles and marine engines; Montecatini, chemical manufacturers; and Pirelli, tire and cable makers.

The Export-Import Bank still has \$77 million earmarked for other Italian industries.

France has turned a cold shoulder to Italy's proposal for Franco-Italian economic integration (BW—Jul.26'47,p92).

The Italian steel industry is delighted. Under the deal proposed to Paris by Foreign Minister Sforza, Italy would have liquidated its steel production in favor of France.

Italian steel executives will head for the U. S. soon to seek help from U. S. steel companies. They will offer to work for American account to meet orders placed with the U. S. by Mediterranean, African, or Asiatic countries. They figure that they might get cut in on the pipe needed to build the Saudi Arabian oil line.

BUSINESS ABROAD



FACE TO FACE with another crisis, Prime Minister Attlee (left), and Sir Stafford Cripps, head of Britain's Board of Trade, plan for a bare-bone British economy.

Tighter Belts in Britain's Crisis

Attlee plan imposes greater austerity on consumers, asks more output from workers, strips economy to essentials. Imports, overseas expenditures cut until assurance from U.S. of further credit.

LONDON—Because it has no alternative, the Labor government will meet Britain's dollar crisis the hard way—by imposing even greater austerity on the consumer and demanding more production from the worker. This is the gist of the interim plan Prime Minister Attlee offered Parliament this week.

Original idea was to hold up any drastic moves until October, when they could be meshed with the over-all project for recovery in Western Europe. But public alarm and growing pressure from restive trade union backers forced Attlee to push up the date for the Labor government's retrenchment program.

Gamble—Attlee is gambling heavily on the willingness of the British people to take a further cut in living standards and still come up producing the goods. The Labor Party was solidly sold on the Attlee plan at a secret session last week. But opposition critics look for a different popular reaction—perhaps even a political storm that will be violent enough to force Labor to seek a coalition.

The government's aim is twofold:

(1) to defer exhaustion of Britain's gold and dollar resources until the U. S. decides whether it will back the Marshall plan with new billions in foreign aid (BW—Jul.26'47,p15); (2) to strip the British economy down to the essentials required for boosting exports to a level where the country can pay its way.

Goals—As worked out over the next few months, the program will be geared to achieve the following:

- Save about \$600 million on the 1947-48 import bill.

- Cut about \$200 million off 1947-48 overseas expenditures by speeding up troop withdrawals from Germany, Italy, and Greece and by cutting other German occupation costs.

- Increase production at home by an extra daily half-hour's work in coal and other industries.

- Drive labor to undermanned industries such as textiles and coal by shutting off fuel and raw materials allocations to nonessential industries.

- Fix higher compulsory export quotas for each industry.

- Reduce excessive drain on limited manpower and material resources by

checking capital outlays in nonessential industries, if necessary by use of a capital levy.

The British Treasury was ready three months ago with a list of dollar-saving import cuts (BW—May10'47, p101). By August 1, only tobacco, newsprint, and gasoline had been ticketed. The hope was that an across-the-board slash could be avoided. But during July, London had to speed up its withdrawals from the United States loan and a serious dollar crisis seemed imminent.

The Hard Facts—The basic facts are these:

- Under the existing import program, Britain's balance-of-payments deficit for the year starting June 30, 1947, would be close to \$2 billion.

- The remaining \$1 billion of the U. S. loan would cover only half of this, might even be used up by October.

- Britain would then be down to the \$400 million left in the Canadian loan and to a \$2.4-billion reserve fund of gold and dollar exchange. Until London has positive assurance of new dollar credits from the United States, it must try to hang on to most of these carefully husbanded reserves. For a country as dependent on international trade as Britain is, it would be risking national suicide to do otherwise.

Attlee, therefore, is aiming to reduce the prospective \$2-billion deficit by saving about \$800 million on imports and overseas expenditures and by increasing the take from exports.

Food, Gas Cuts—Import cuts will be concentrated on meat, butter, canned foods, cereals, tobacco, and petroleum. Result is that food rations will probably have to be cut later this year; the gasoline ration will feel the pinch when the summer motoring season ends.

Imports of various luxuries will be slashed to minimize the effect of shopping inequalities on the morale of the workers. United States film royalties will be hit.

Since the government will do its best to spare industrial raw materials, machinery, and capital equipment, the import saving expected from the Attlee plan won't be much above \$600 million. (This is roughly 10% of the existing import program.) So import cuts alone won't come close to eliminating the \$2-billion export-import gap.

For Added Savings—The government, therefore, plans further moves to cut down overseas expenditures. These will include withdrawal of troops from Germany and other reductions in German occupation costs. Troops will be called home from Italy before ratification of the peace treaty, and probably also from Greece. But there is no intention of cutting British forces

Exports: One Prop of U. S. Economy Weakens

Since the start of the year, export demand has been one of the biggest single props under the booming economy of the United States. Now, for the first time, exports have begun to drop.

• **13% Drop**—Figures just released by the Dept. of Commerce show that U. S. exports in June were down to \$1,242,000,000. This is a good 13% below the postwar peak of \$1,422,000,000 that they hit in May. Although foreign relief shipments dropped in June, the big shrinkage was in the regular buying of foreign countries. Commercial exports (excluding Lend-Lease, UNRRA, and foreign aid programs) were down to \$1,201,600,000—a drop of 12% from May.

The main reason for the slide is that some of the countries that have been doing the heaviest buying are now coming to the end of their financial rope. U. S. imports (only \$466-million in June) have been too small to provide dollars for more than a fraction of the exports. Buyers have been making up the difference out of dollar balances, loans, or gold stocks.

• **The Background**—A study by the New York Federal Reserve Bank sketches in part of the background. According to the bank's estimate, the rest of the world (excluding Russia) had about \$18 billion in gold and

dollar exchange last March. This is a fair-sized war chest, but it has shrunk \$2 billion since last August. And the countries that are most desperate for U. S. goods are the shortest on resources.

"Liberated" European countries had only about \$2.5 billion available in gold and dollar balances in March, 1947. Britain had \$2.6 billion. The neutral countries of Europe, mainly Switzerland, had \$2.5 billion. Latin American countries had a total of about \$3.5 billion.



in the Middle East, including Palestine.

These moves are slated to save another \$100 million to \$200 million. They also dovetail with the domestic need for labor from the forces. During the next three months British industry should get 50,000 more men than the government had been planning to release.

• **Still Short**—But at best, the projected savings would be about \$800 million. That's still less than 40% of the current deficit. If prices of British imports should continue rising faster than the prices of its exports, the effect of the cuts in imports would come to even less.

To get nearer a balance on international account the Labor government plans equally drastic measures on the home front. These will be aimed at boosting production and increasing exports.

• **Accent on Coal**—Increased output is needed above all in coal. At Attlee's request, leaders of the National Union of Mineworkers will consider an extra half-hour daily, and alternate Satur-

day morning shifts (with time-and-a-half for overtime). If the miners accept this, they could probably dig an extra 8 million to 10 million tons a year, might reach the 1947 goal of 200 million tons. This would avert the danger of a repetition of last winter's industrial shutdown (BW—Feb. 15 '47, p109).

But the miners resent being singled out for a heavier stint of work. The government will also have to ask railway workers, and perhaps others, for an extra half-hour. Building labor is being pressured to accept an incentive scheme, which will include an output bonus.

Many union leaders have accepted the need for greater effort. Some of them have been the strongest advocates of a tough policy. Productivity has already improved in manufacturing industries. But no one knows how long it will take to stir the miners and builders into action.

• **Export Boosters**—To get out more exports, higher compulsory export quotas will be fixed for each industry. The quota for automobiles is already

60%; in some other industries it's as high as 75%. The government will also have powers to direct exports to hard currency countries such as the U. S.

Higher purchase taxes may be imposed on exportable consumer goods to discourage British buyers. The clothing ration will drop to release more textiles for foreign buyers. The objective is to curtail domestic supplies of basic consumer goods and capital goods, giving exports a top priority all down the line.

• **Capital Outlays Under Fire**—The whole economy is to be stripped of action by putting the screws on new capital expenditures. Capital outlays by business and government over the past two years are now regarded as excessive compared with the national resources in manpower and material. The feeling now is that the nonessential industries were given far too much head.

The sharp break in the London stock market last week (page 91) has automatically called a halt to most expansion plans of small business. But in case of need, the government is reported ready to impose a capital tax or forced loan to squeeze out any plan for new capital outlays that are essential to the export drive.

At the same time, private business is pressing the government to cut its own budget. This may result in further cutbacks in the housing program. Reductions in the food subsidies (currently costing about \$1.6 billion a year) may also be in the offing. A rise in food prices would channel off some of the inflationary pressure on a reduced supply of consumer goods.

• **Pressure**—The government is still reluctant to go back to a labor draft to meet the shortage and maldistribution of manpower. But it is getting ready to reduce coal and raw materials allocations to nonessential industries in order to drive labor into undermanned lines such as coal and textiles.

Deflation of excessive demand on available resources is essential to restore a smooth flow of production, rebuild inventories, and remove concealed unemployment. The Attlee plan is only the first attack on this basic domestic problem. Additional moves can be expected on a piecemeal basis as the British crisis develops over the next six months.

• **U. S. Congress Must Decide**—If management and labor prove ready to make the sacrifices entailed in such a program, and production goes up instead of down, Britain could probably pull through until early next year. Then the fate of the country would rest in the lap of the U. S. Congress as it mulls over the cost of the Marshall plan.



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Japanese Blueprint

Overseas Consultants, Inc., will determine how much industrial capacity Japan can afford for reparations.

A complete crew of industrial executives and engineers flew into Tokyo this week.

The plane's 30 passengers belong to a group known as Overseas Consultants, Inc. They embarked Tuesday from Washington in response to a request made last fall by Gen. MacArthur. He had asked the War Dept. for help in making an industrial survey of Japan.

• **Treaty Outline**—The survey will be the basis of determining the U. S. position on reparations when the nations comprising the Far Eastern Commission get down to the business of writing a peace treaty for Japan.

This isn't the first time that the Army has called upon industry to supply it with top-flight technical skill for the occupation. But it is the first time that the size of a single order was such that a company was formed to do the job.

• **Member Firms**—Overseas Consultants, Inc., consists of eleven blue-ribbon industrial engineering firms: American Appraisal Co.; Coverdale & Colpitts; Ebasco Services, Inc.; Ford, Bacon & Davis, Inc.; F. H. McGraw & Co.; Jackson & Moreland; Madigan-Hyland; Sanderson & Porter; Stone & Webster Engineering Corp.; Standard Research Consultants, Inc.; and the J. G. White Engineering Corp.

President of Overseas Consultants, Inc., and also chairman of the board, is Clifford S. Strike. On leave from F. H. McGraw & Co., New Haven (Conn.) contractors, Strike is no newcomer to occupation work (box).

The Tokyo staff will be headed up by R. J. Wysor, former president of Republic Steel Corp. and one-time chief of U. S. Military Government's metals branch in Berlin. His assistants will be such men as Percy E. Joyce, consulting chemical engineer for Shell Chemical Co.; S. W. Farnsworth, president of the Torrington Manufacturing Co.; Roy S. Campbell, former president of N. Y. Shipbuilding Corp.; J. Stewart Harrison, one-time vice-president of Standard Oil Co. of Ohio and now consulting engineer to Standard Oil Co. of New Jersey.

• **Teamwork**—As "project manager," it will be Wysor's task to see that the various sections into which the group has been divided—steel, chemicals, shipbuilding, power, machine tools, petroleum—work as a team. They are to come up with the answers contracted for within six months.



Clifford S. Strike

As head of the new Overseas Consultants, Inc., 45-year-old Clifford S. Strike has a backlog of experience in occupational affairs.

Back in July, 1945, he headed up the building materials and construction section of the U. S. Military Government in Germany; in November of the same year he was appointed deputy chief of the reparations section. As such he sweated out more than one industrial problem over a Berlin conference table with his French, British, and Soviet opposites.

Strike joined F. H. McGraw & Co. in 1930, subsequently became vice-president, then president.

The War Dept. wants to know (and it's paying Overseas Consultants some \$750,000 to tell it) how much industrial capacity the Japanese economy can afford to give up in the way of reparations, and how much it must keep to become self-supporting. This is just another way of saying that the Army wants to have a fairly solid idea of what it will advocate as the minimum level of Japanese industry when treaty-making begins. The War Dept. has already collected a mass of material on this puzzler, including the results of studies made by the Pauley, Strike, and other special committees on reparations. Part of the job, therefore, is to see how much of this material stands up under the test of independent appraisal.

• **New Trail?**—Overseas Consultants, Inc., is supposed to be a one-shot proposition, having been formed expressly to race an industrial blueprint for Japan. But if it succeeds it may well have blazed a new trail for the government to take when it hunts for help from private industry.

S. Has Big Financial Stake in Ruhr Coal

Washington may use a new argument in its current dispute with London over the nationalization of the Ruhr coal mines (BW—Aug. 2, 47, p. 85). The Stinnes Trust—State Dept. officials handling the negotiations are urged to bring up, at least as a bargaining point, the large U. S. holding in the Ruhr coal industry. The argument: By utilizing the American-owned Stinnes trust—which gives the U. S. potential financial control over the industry—unified operation of the mines could be worked out under the terms of private enterprise.

The U. S. financial interest dates from 1924, shortly after the death of Hugo Stinnes, the great German trust-broker. In order to reclaim his properties from the German banks, his widow formed a Maryland holding company, Hugo Stinnes Corp. The trust raised U. S. capital by floating debentures and selling not quite half common stock, which is still listed on the N. Y. Curb Exchange. The entire Stinnes German equity was turned over to the corporation.

Control—Bankrupted in 1936 by German currency restrictions, the corporation still owns stocks in German holding and operating companies. Through a system of interlocking holdings, these companies are believed to provide a controlling interest in much of the Ruhr coal industry.

Men familiar with the German coal industry believe that the Stinnes interests control something close to 85% of the top-grade coal in the Ruhr.

APC Steps In—At the outbreak of war, the German 54% interest in the Hugo Stinnes Corp. was seized by the Alien Property Custodian. Thus the corporation is now not only completely U. S. owned, but is under effective government control.

CHINESE MEASURE

With the aid of the U. S. State Dept., China may beat the United States to official adoption of the metric system. A department representative, Dickson Reck, is helping China complete an embryonic weights and measures system. In an initial survey Reck found that every trade and every locality in China had a different way of measuring pounds, feet, and gallons. So for a rough start he got a foot declared to be a meter, a pound $\frac{1}{2}$ a kilogram, and a gallon 1 liter.

The State Dept. believes such work will hasten Chinese industrialization, and make U. S. trade with that country easier.

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THE MARKETS

(FINANCE SECTION—PAGE 90)

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial	153.2	152.3	153.2	171.9
Railroad	43.8	44.1	43.7	60.2
Utility	76.3	75.7	76.6	90.1
Bonds				
Industrial	123.9	122.4	123.0	123.2
Railroad	110.5	110.7	110.3	117.8
Utility	113.7	113.8	113.6	115.2

Data: Standard & Poor's Corp.

Market's Dog Days

Over the past 49 years industrial stocks have staged 36 August rallies; 32 Augusts have seen the rails move up. Only five times in the last decade, however, has the industrial section of the stock list managed to climb higher; only three times have the rails ended August at higher levels than when the month started.

• **What About '47?**—Which precedent will be followed this time is still anyone's guess. Up to the middle of this week, early August trading had uncovered no clues. Nothing had happened but daily see-saw price movements accompanied by a sharp shrinkage in trading activity. Not even Wall Street's most fervent bulls today want to go out on a limb with predictions of the possible direction of prices when the siesta finally ends.

The profit-taking that has been going on lately among the industrial shares has been no surprise. It was sure to come, sooner or later. Reason: As measured by Dow-Jones industrial

stock price average, the group rose most 23 points between mid-May and late July.

• **Hope Dashed**—Many market analysts, however, had hoped that the confirmatory strength in the rails might take up the slack created by the lagging in on profits in the industrial group. That this shows no signs of happening has proved very disappointing to an increasing number of traders. It's beginning to indicate that the recent promising rally was only a secondary upswing in a bear market, the starting phase of a brand-new market move.

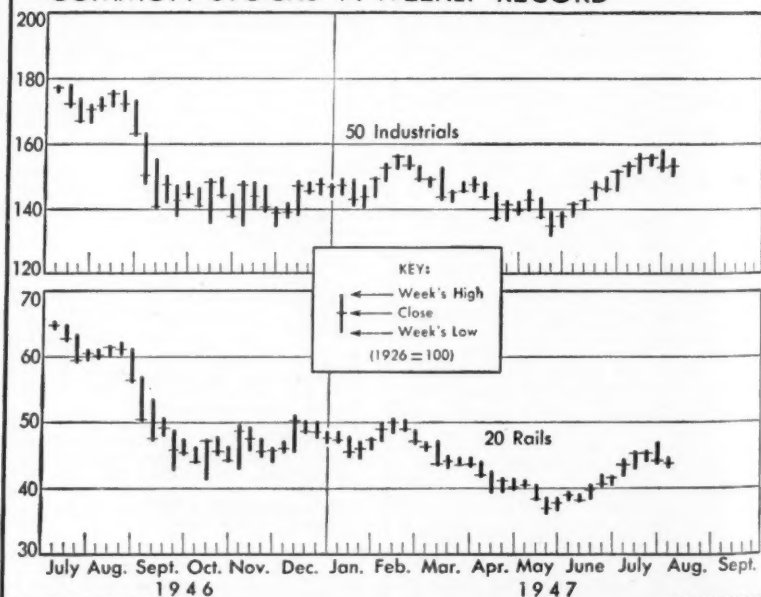
That's not to say that stocks in weeks ahead can't move higher. Usually, it's quite possible that they will since recent booming production schedules, high commodity prices, high earnings, and higher dividends are slated to vanish abruptly. Some smart investors, however, claim to see signs indicating that such favorable market influences may soon start tapering off. And some well-proved sources of stock market advice agree.

Municipal Dealers Wary

When the Chicago Transit Board knocked this week, Richard refused open the door.

Tuesday morning, not one underwriting group stepped forward to offer a firm bid for \$105 million of new bonds. The recently organized municipal agency (BW-June 28 '47, p. 44) must turn to them to finance acquisition of Chicago

COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.

© BUSINESS WEEK

transit facilities from their present private owners.

Too Little Strength—Harris Hall & Co., Blyth & Co., and the First Boston Corp. had been sure that they could form a strong enough buying syndicate to handle the deal. But last minute dealer resignations flooded in. Those left were willing to take on only \$80-million of the bonds. Result: The syndicate had to be dissolved.

But the houses heading the abortive group refused to admit defeat. Calling the bonds "not only good but salable," they quickly placed before the board a new financing proposal. They suggested that the board let them offer, for a period, 3 1/2% bonds, according to maturity, as agents.

Transfusion—If this were done, the houses said, the group would spend \$100,000 on advertising to familiarize the buying public with the issue. If this brought subscriptions for 80% of the offering, the group would then guarantee complete sale of the issue by Sept. 12.

The board agreed. To some observers, this looked like the kind of transfusion needed.

Board chairman Philip Harrington intimates that politics has played its part in spoiling the authority's debut. But the facts don't back him up.

Lost Attraction—The awful truth is that municipal issues of less-than-high-grade investment quality have lost their wartime attraction—despite their tax-exempt status. Particularly hard hit have been the so-called "revenue bonds" of government agencies which have no principal and interest claims on either the general revenues or resources of the "parent" city or state.

Now this group must compete with similar-quality corporate issues. That's why underwriters last week refused to bid, at the terms demanded, for \$22-million of Cleveland Transit System revenue bonds. And it is why Alabama has twice unsuccessfully tried to sell a \$4-million issue of dock revenue obligations. Municipal dealers now have on their shelves too many unsold chunks of earlier revenue-bond offerings to take any further chances.

British Market Dives

What has caused the sudden eclipse of the "bull market rally" that was progressing so merrily until very recently? If you query Wall Street on that point you get a raft of widely different explanations.

Agreement—On one point, however, you find unanimity. Bulls and bears alike report that uneasiness caused by the serious price drops in the London markets (BW—Aug. 27, p. 83), and the portentous events they may be forecasting, are at least partly to blame.

Whether that's actually true or not of course can't be proved. But it sounds logical enough. After all:

- A close affinity between the two markets has always existed.
- History shows that severe financial trouble in London sometimes touches off bad British slumps; on occasion, these have been followed by U. S. depressions. (The Baring Bros. crisis in the early 1890's and the notorious Hatry failure in the late 1920's are two good examples.)

Thus many stock market participants, especially the professional traders, have been paying more than cursory attention to current London troubles. And they have hedged their bets accordingly. Certainly the London market's performance last week appears to warrant a stop-look-listen attitude.

What's Behind It—Causes of the slump, the worst seen in the English markets since the 1940 "fall of France" panic, aren't difficult to find:

- The public's growing awareness of the nation's critical economic position;
- Fears over what will happen when the dollar credit is exhausted;
- Rumors of serious behind-the-scenes political tension;
- Speculation over the nearness of a tense general election;
- Doubts that the Labor Party can carry through the measures needed to meet the present touch-and-go situation.

Few corporate securities were left untouched by last week's panicky wave of sell orders. Gilt-edge issues were as vulnerable as the speculative group. Not until late Friday was the precipitous decline slowed down.

Government Weak—But even more alarming was the performance of the British Treasury issues. Reflecting a decided lack of confidence in the government's ability to maintain its announced money policy in the face of today's economic problems, that group more often than not actually led the decline.

One particular target was the Labor government's recent issue of 2 1/2s. These were issued by Chancellor of the Exchequer Hugh Dalton primarily to finance socialization of the coal mines and the Bank of England. They had been consistently weak for the past six weeks; during last week's slump they tumbled six points to around 83% of par—a new low. At that level they would appear to establish British government credit, temporarily at least, on a 3% basis (Dalton has been striving to maintain it at 2 1/2% or lower).

Watchful Waiting—Early this week London's security markets were acting a bit better—probably marking time until they can assess Prime Minister Attlee's plan for meeting the crisis (page 85). Not until that has been done, obviously, can the future price trend take shape.

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THE TREND

CONFUSION ABOUT METAL RESERVES

Our colleagues who edit the Engineering & Mining Journal feel strongly that the country is being dangerously confused by misleading reports that we are now "have-not" so far as such key metals as copper, lead, and zinc are concerned. The misunderstanding, they fear, will lead to dangerous mistakes in forming a policy to meet our needs of these important metals. They have convinced us that there is some consequential confusion about the reserves in question and that we ought to try to help clear it up.

The key source of confusion seems to lie in the failure of laymen to differentiate between known deposits of commercial quality and potential reserves. Figures on mineral reserves do not include deposits which cannot be profitably exploited at approximately existing prices or with present extraction techniques. Nor do they allow for discovery of new deposits or extensions of known deposits beyond the point where definite evidence of size and quality are established.

There is no dispute that proved commercial-quality reserves are low. The Bureau of Mines and Geological Survey reports that, in terms of the 1935-44 average annual rates of extraction, our known commercial reserves would last the following number of years: petroleum, 14 years; copper, 25 years; lead, 15 years; zinc, 24 years. And present rates of extraction are generally considerably higher than the 1935-44 average.

However, important additions can be made to known reserves. One possibility lies in deposits which, because of low quality or inaccessibility, have not been profitable in the past. Price increases have brought some of these into commercial use. New techniques can make others workable. The "red mud" process now used with Arkansas bauxite increased Arkansas reserves from two years to several decades.

Several factors also suggest that there are still deposits

NOTE ON INDUSTRY-WIDE BARGAINING

We have received a publicity release from Richard T. Leonard, vice-president and national U.A.W.-C.I.O. Ford director, in which he properly takes pride in the fact that "U.A.W.-C.I.O. Ford workers became the first in the automotive industry to win retirement pay in a contract with the Ford Motor Company."

Would Mr. Leonard have had the privilege of proclaiming his historic success in negotiating such a bold and significant departure as the Ford pension plan (or in negotiating a watering down of Taft-Hartley act, for that matter) if industry-wide bargaining had prevailed in the automotive industry?

Lest there be doubt about it, the answer is, "No."

SALUTE TO A FRANK FORECASTER

Along with a legion of other economists, Everett E. Hagen, who is now associated with the Budget Bureau in Washington, made a post-V-J Day economic forecast which envisaged over eight million unemployed in the first quarter of 1946. Unlike most members of this legion, however, Hagen not only does nothing to cover up but frankly proclaims (in the Review of Economic Statistics) that "the primary fact to be noted concerning the forecast is that it was conspicuously in error." Then he goes on to analyze the sources of the error.

To Everett E. Hagen, a salute for frankness far above the call of custom in his field!

to be found and measured. For one thing, most mine operators make no attempt to learn the extent and quality of their deposit. Requirements are simply blocked out a few years ahead of extraction. In some mining areas, it is actually poor business to know too much about the deposit as it increases ad valorem taxes.

This is one reason why "proved reserves" are still roughly the same as they were 10 or 15 years ago, despite the depletion that has taken place since. This is true even though little exploration was done during the war.

All of this, of course, does not mean that the country can afford to be unconcerned about its mineral resources. Metals are one-crop harvests; once dug, they are not replaced. Gradual depletion is an obvious fact. But the realization that there are potential reserves still to be tapped does have an important effect on what the country should do about making the most of them.

What seems clearly called for is a policy which will simultaneously (1) stimulate exploration and investment in domestic metal mining, and (2) still permit ample imports at reasonable prices. Imports must be made in large volume, but they should not swamp efforts to maintain reasonable self-sufficiency. As a matter of fact, in proved reserves of some metals, the world as a whole is nearly as badly off as we are.

It is, of course, far easier to indicate the broad outlines of a good policy than it is to effectuate it. For example, the form which added incentives to exploration (an increasingly complex and expensive business) should take—tax adjustments, subsidies, special bonuses—raises a myriad of difficult problems.

Such problems will be more easily solved, however, if we get squared away on a policy which strikes a balance between encouraging development here and not overtaxing us on the imports that will have to be made. Elimination of indiscriminating emphasis on our future as a "have not" nation is a major step in this direction.

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